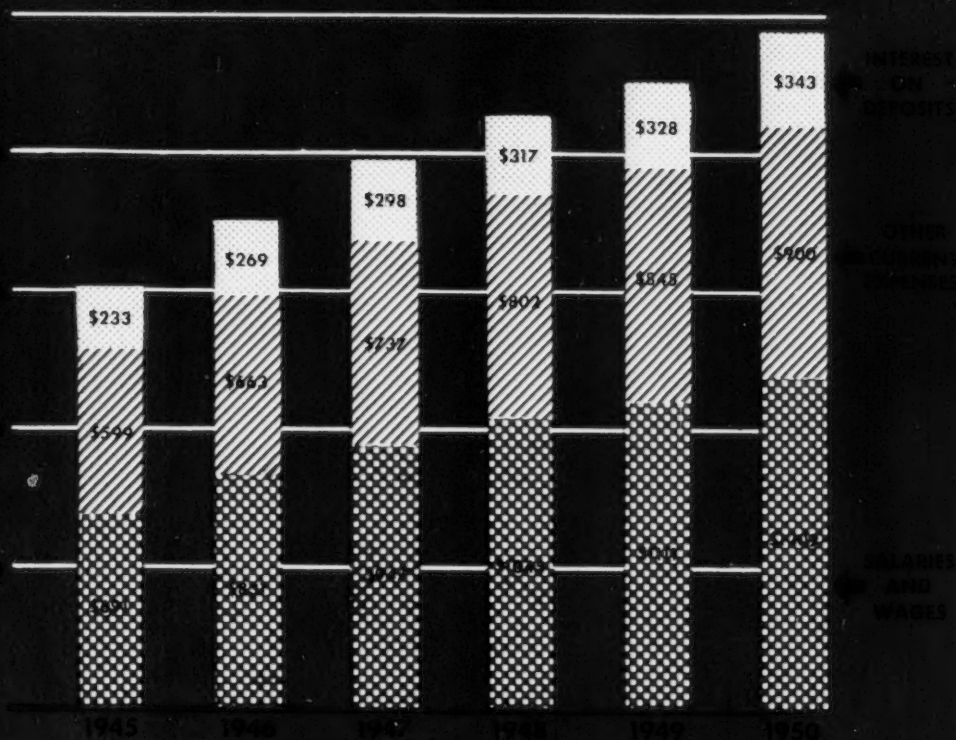


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JUNE 1951

GROWTH OF CURRENT OPERATING EXPENSES
INSURED COMMERCIAL BANKS, 1945-1950
(IN MILLIONS OF DOLLARS)

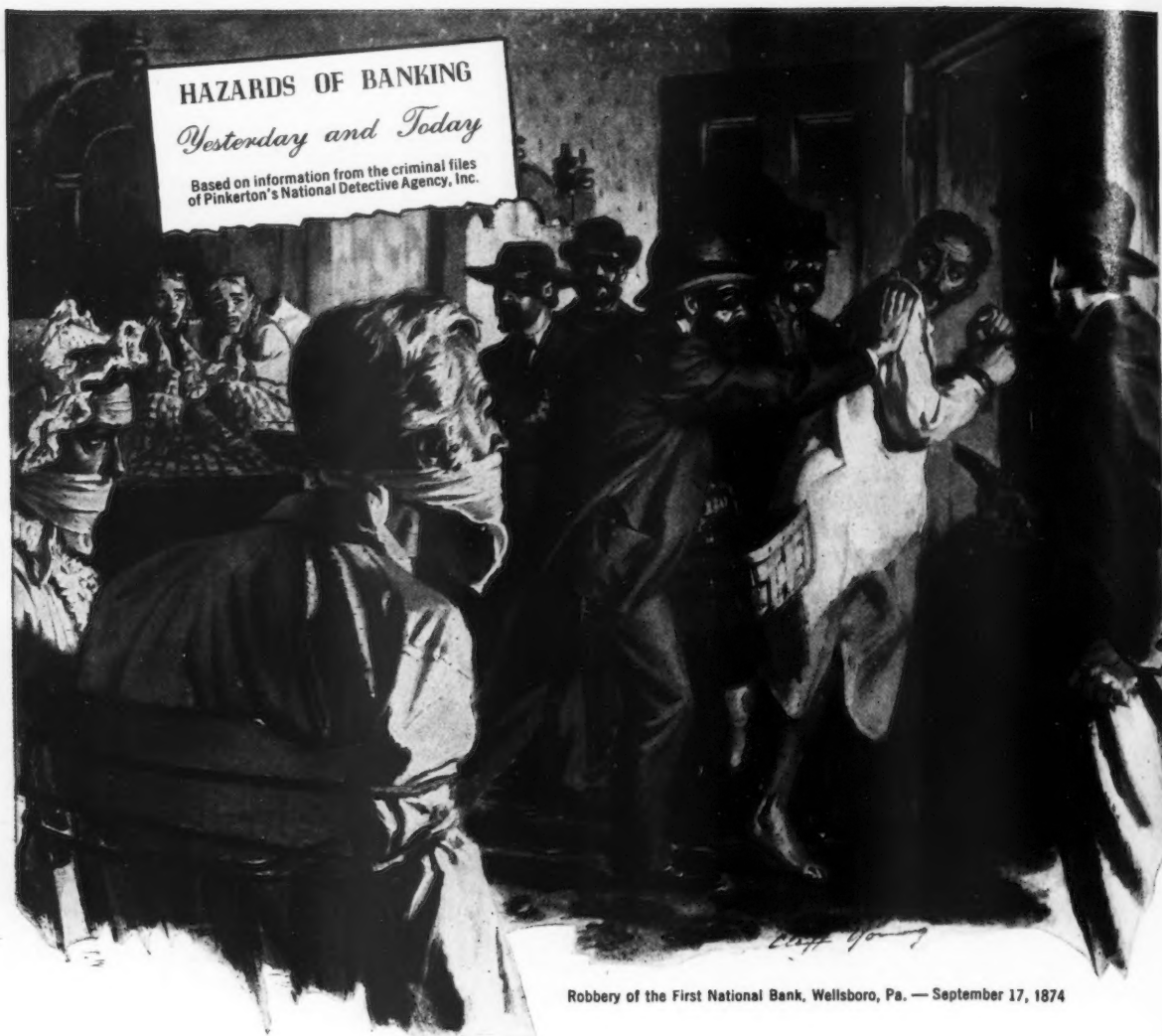


SOURCE: Federal Deposit Insurance Corporation

"In all banks . . . operational costs have steadily mounted and become embedded . . ." (page 42)

An Adventure in American Finance

(page 42)



Robbery of the First National Bank, Wellsboro, Pa. — September 17, 1874

GAG RULE

Considerately, the three bandits let the bank president sleep until the last. But shortly after midnight, they burst into his room. Forcing a gag into his mouth, they dragged him down the hall to the back bedroom where his daughter and the hired girl slept. The rest of the household had already been rounded up and all were firmly bound — except the two girls, who huddled in terror beneath the covers.

Then, brandishing pistols and threatening to torture and kill his father — the bandits prodded the President's son, who was cashier of the bank, up onto his bare feet. They snapped handcuffs on his wrists, shoved him out the door and marched him to the adjoining bank building. There, forcing him to open the vault, the two robbers removed U. S. notes, bank notes and currency worth approximately \$28,500.

Stuffing their loot into a basket, they delivered their victim back home, trussed him up securely, and escaped before the fear-paralyzed girls could untie the family and give the alarm.

Modern time locks and other protective methods have made this type of bank robbery a thing of the past. But criminals still find ways to circumvent safety devices and frequently cause serious financial losses. Only properly planned insurance can give a bank truly sure protection.

Your local Aetna agent is highly qualified to recommend the exact types and amounts of insurance your bank needs. This includes protection not only against robbery and embezzlement — but also against liability, fire and the many other hazards to which a bank is exposed. Using the Aetna Plan, pioneer system of risk and insurance analysis, he can prepare a detailed picture of all the risks to which you are exposed, show just how each can be covered at minimum cost, and set up a control system to keep your coverage constantly up to date. Why not investigate this modern insurance service?

ÆTNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection
LIFE AND CASUALTY
Ætna Life Insurance Company
Ætna Casualty and Surety Company
Hartford 15 Connecticut



FIRE AND MARINE
Automobile Insurance Company
Standard Fire Insurance Company

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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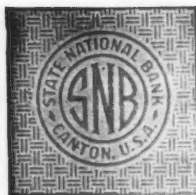
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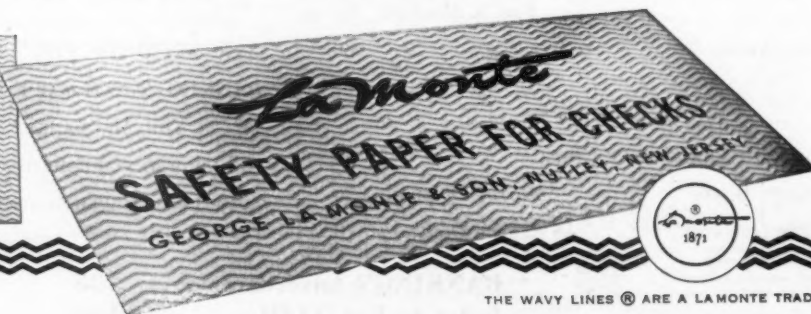
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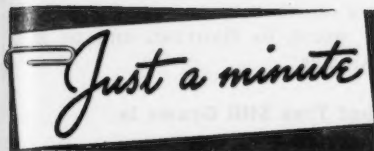
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Know Your Costs?

USING a study by Virginia banks as his take-off point, JAMES W. DODD, JR., assistant cashier of the Federal Reserve Bank of Richmond, offers some cogent observations on the importance of "intelligently interpreted and effectively applied" cost data in bank management today. His article, "A Yardstick for Bank Costs," is on page 42.

"With continuing inflationary pressures, increasing turnover of personnel and greater stringency in the labor market," he says, "it seems scarcely likely that costs of doing business can even be held in reasonable check, except by intelligent and consistent efforts of management. With higher earnings through loan expansion inhibited by regulation and otherwise, management must look to a proper pricing of bank services, effective control of costs, and stepped-up efficiency to

preserve an adequate spread between earnings and expenses."

The Virginia cost analysis showed that although net profits were gratifying, 18 of the 38 participating banks operated one or more departments at a loss during the year—and that number included some of the state's larger banks.

"Only by analyzing costs," points out Mr. DODD, "can the facts be known, the weak spots uncovered and corrective measures be taken."

The PFVCR

THIS new collection of initials symbolizes the Program for Voluntary Credit Restraint, which C. FRANCIS COCKE, vice-president of the American Bankers Association, has called a "great adventure in American finance."

BANKING borrows Mr. COCKE's phrase for the title of this month's article by its Washington observer, LAWRENCE STAFFORD. Mr. S. writes on the organization and progress of the project—quite the biggest undertaking of its kind in the nation's history.

Supplementing the PFVCR news from the capital is a short account



of the program in the New York Federal Reserve District, the nation's largest private credit market.

Drama Department

THAT JAY SANDERS' playlet, "On Getting New Business," published in our April issue, has had at least one successful performance, thanks to Mrs. DOROTHY D. BRADSHAW of Vaughn & Co., Bankers, of Franklin, Virginia.

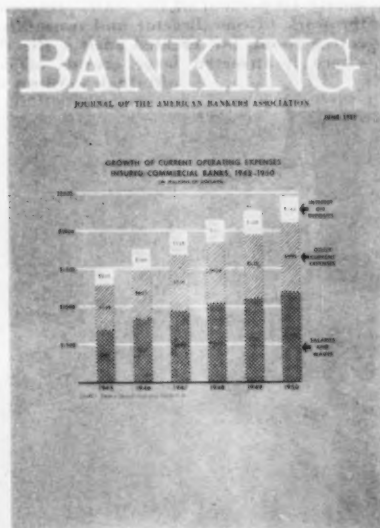
Mrs. BRADSHAW is taking the effective speaking course given by

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

The chart on our front cover is part of the article, "A Yardstick for Bank Costs," by James W. Dodd, Jr., on page 42. Mr. Dodd, who is assistant cashier of the Federal Reserve Bank of Richmond, describes a study of bank costs in the State of Virginia



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The AMERICAN
APPRAISAL
Company

Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

Norfolk Chapter, American Institute of Banking. While seeking a subject for a five-minute class talk she came upon the Sanders' skit—and decided her quest was over.

"I thought at first," she writes, "I would be chairman of the board in the skit, and also the bank officer who had to give some ideas and suggestions on getting new business, and genie as well. However, I knew I couldn't change my voice that many times. So I asked my husband, who is taking the same course, to help me. He consented, as he was supposed to make a five-minute talk, too, that same night. It boiled down to me being chairman of the board, and my husband the officer. In the second act I was still chairman; he came in as the genie who turned out to be the customer.

"Our bank really had a list of prospects and didn't know it!"

The class and the instructor "thoroughly enjoyed" the performance. The teachers remarked, says Mrs. Bradshaw, that it was "unique, clever, unusual."

"I am so glad," our correspondent concludes, "I found the article. We changed some names and things in the skit, of course, to suit our class better. We thought we'd like to tell

you about this for what it might be worth to BANKING and to Mr. SANDERS."

That Tree Still Grows in Ridgewood

THIS department was having one of its quiet days—no lack of good items, of course, but an absence of the self-discipline that's sometimes required for an attack on the typewriter, come warm spring afternoons.

The mail brought a letter from WALLACE G. CARR, JR., vice-president of The North Jersey Trust Company, Ridgewood. Now Mr. CARR is the banker who, somewhat more than a year ago, told us about the rubber tree that was threatening to grow right through the ceiling of the bank lobby. The question, at the time, was: to prune or not to prune—and we asked our readers for suggestions. Several were received.

Mr. CARR'S May 1951 communication was about another matter, but it prompted curiosity as to the big plant's fate. A letter of inquiry brought this reply:

"Our rubber tree has now started its slow route across our ceiling. Some decades from now it could be

(CONTINUED ON PAGE 6)

Two staffers at The Union and New Haven (Connecticut) Trust Co. started something when they suggested an all-bank art show. Thirteen employees—nearly 10 percent of the staff—responded with some 50 offerings, including the work of one director and two officers. The exhibit was first hung in the coffee room, but created such a stir that it was brought to the main lobby where it attracted large crowds of customers. (Critical note: Only three offerings were on the abstract side.)





Will you love them in December as you do in May?

Six months from now America's Christmas Savings Plan depositors—ten million of them—will be shopping with money saved in special accounts.

Those depositors look mighty good now if you have a Christmas savings plan.

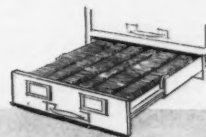
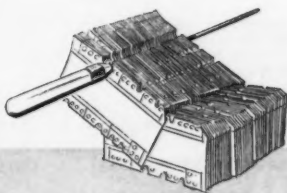
But by December you may change your mind. High clerical and accounting costs, annoyed depositors and tellers with frayed nerves can make a banker say, "Never again!" to savings plans.

That's where McBee Keysort comes to the rescue. With pre-punched Keysort coupons as deposit slips,

a bank needs *no* special tellers, *no* stamp inventory accounting and pasting, *no* passbook posting. Customers aren't faced with waiting-line delays, tellers are spared wearisome details.

One third of Christmas plan savings generally winds up in permanent accounts. And a savings plan attracts new accounts. Extra work? Yes, but it's easily handled with a Keysort system.

Now's the time to streamline your savings plan. Ask the McBee man near you for the whole story. Or write us.



Just sort count and file!

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No matter
how
the wind
blows...



No matter how the wind blows, a windmill is always in business. That's a principle symbolizing *Daystrom, Incorporated* and its family of diversified industries.

Daystrom operating units cover such varied fields that the effect of any adverse economic wind is minimized. Yet all benefit when the business winds blow fair.

American Type Founders, oldest subsidiary of *Daystrom, Incorporated*, was established in 1892. It has long been the world's most prominent manufacturer of graphic arts equipment. Today, as in World War II, it is an important producer of vitally needed equipment for the armed forces.

Daystrom's expansion program began some five years ago. Today this company is the parent organization of the operating units listed below. Their diversified operation, directed by integrated professional management, is geared to produce greater earning power and achieve increased stability.

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AMERICAN TYPE FOUNDERS, INC., with plants at Elizabeth, N. J., and Mount Vernon, N. Y. Manufactures letterpress, offset and gravure printing presses, foundry type and other equipment for the graphic arts.

DAYSTROM INSTRUMENT DIVISION, with headquarters at Elizabeth, N. J. Manufactures defense materials.

DAYSTROM LAMINATES, INC., operating a plant at Daystrom, N. C. Producer of hardwood plywoods.

DAYSTROM FURNITURE, Eastern Division, at Olean and Friendship, N. Y. Produces chromed tubular steel and wood dinette sets.

DAYSTROM FURNITURE, Western Division, at Fullerton, Calif. Manufactures chromed tubular steel and wood dinette sets.

DAYSTROM ELECTRIC CORPORATION (formerly Frederick Hart & Co., Inc.), at Poughkeepsie, N. Y. Manufactures sound recorders and electronic instruments. Presently in defense production.

DAYSTROM, INCORPORATED

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200 Elmora Avenue • Elizabeth B, N. J.

This advertisement is set in ATF type faces: Bulmer, Century Bold and Bernhard Modern Bold



"Well—how long will it be before you stop bringing that home from the bank every day?"

(CONTINUED FROM PAGE 4)

trained to proceed down toward the floor again, thus going on almost forever.

"Our public was divided as to whether we should follow this procedure or grow new roots at the half-way mark and replant the top of the tree. This would have preserved the original plant and removed the unsightly and leafless 15 feet at the base. However, our publicity brought an offer of a second rubber tree some 15 feet high, which is now placed immediately beside the old one, so the effect is all right."

In other words, the bank seems assured of rubber trees ad infinitum.

Breezy Banking

THE June issue of *Pageant* magazine has a story on "the fresh new spirit" that's "breezing through the banking world these days."

Under the title, "What's Gotten Into Banks?" Author MICHAEL BAKALAR recounts, in sprightly prose, some of the "shenanigans" they indulge in. He tells about the festivities that attended the opening of a drive-in by San Diego's National Trust and Savings Bank; the helicopter that dropped a bather (female) on the doorstep of the new drive-in at the First National Bank of Palm Beach; the same bank's president, WILEY REYNOLDS, JR., "a most 'unbank-like' banker who drives his own twin-engine plane" and who, a few years ago, "ensconced a bevy of young ladies be-

(CONTINUED ON PAGE 11)

BANKING

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FOR **SPEED**



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AND TRUST COMPANY OF CHICAGO
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CHICAGO 90, ILLINOIS

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Continental Illinois National Bank and Trust Company of Chicago

LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

Wrestling with



Since the war, crime and fraud loss have "grewed" like Topsy! Every business enterprise, large or small, knowingly or unknowingly sustains losses from dishonesty or fraud.

Unfortunately there's a little larceny in most of us, and when company property or money sits up and whispers, "Take me home!" a lot of people will listen!

The company loses money, the responsible executive loses respect ... and society loses an honest man!

The sad part is that in most cases *minor changes* in routine would have prevented the crime or crimes.

To help our crime policy holders, American

Mutual has made a thorough study of methods of crime control ... from the prevention of embezzlement by employees to burglaries, hold-ups, and forgeries!

This important information has now been incorporated in a 70-page book entitled, "Crime Loss Control" ... with diagrammatic charts, showing division of duties ... and simple, easy-to-understand descriptions of fraud possibilities and how to prevent them.

As a special service, we immediately sent this book free of charge to every American Mutual crime policy holder ... one of the many extras we offer at a savings second to none!

Next time you shop for insurance ... we hope you'll remember these extras.



AMERICAN MUTUAL ... the first American liability insurance company

Temptation!

(IS TOUGH ON PEOPLE AND PROFITS)

By Mr. Friendly



a limited offer to
accounting and
financial executives!



BECAUSE there are only a limited number of copies of our new book, "Crime Loss Control" ... and because it will be helpful only to those principal executives dealing in company finances, we hope you'll forgive us when we say, if you wish a free copy, *your request must be made on executive stationery of recognized companies.* Write: Dept. B-3, American Mutual Liability Insurance Company, 142 Berkeley Street, Boston 16, Mass.

Satisfactory Results...



Satisfactory results usually emerge when the Chase and a correspondent put their heads together to discuss a particular problem. For Chase service has the advantage of *personal* interest and the willingness to take time to understand *all* the conditions involved.

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HEAD OFFICE: Pine Street corner of Nassau, New York

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SERVICE TO CORRESPONDENTS

Credit information

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Quick collection of items

Participation in local loans with correspondent banks

Dealers in State and Municipal Bonds

Execution of security orders

Analyses of investment portfolios

Safekeeping of securities

Full foreign services

Many personal services

(CONTINUED FROM PAGE 6)

hind the tellers' counters in place of unglamorous males and put them in attractive color schemes matching the color scheme"—yellow, blue and chartreuse.

The article gives a long paragraph to the "particularly photogenic receptionist" installed by the United States National Bank of Denver and that bank's promotion of Braille checkbooks for the blind, left-handed checkbooks, and an electric temperature indicator.

There a report on some of the "dipsy-doodle banking wrinkles" introduced at the Franklin National Bank of Franklin Square, New York, by President Arthur T. Roth: "a door-to-door sales force, a bill-paying service, free marionette shows, music, and, for the moppet trade, distribution of lollipops on a huge scale—25,000 a year."

The article brings in bank lobby displays, blood bank services, a bank-sponsored snake-hunt in Pennsylvania, and kindred ventures and adventures.

"There's no doubt about it," says Mr. Bakalar, "the revolution in bank behavior is under way."

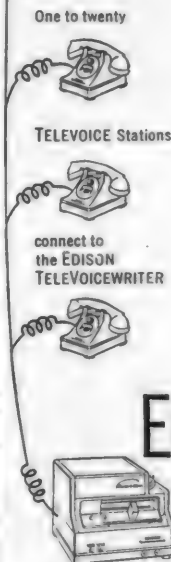
6,013 Bank Women Officers

SINCE 1942 the membership and research committees of the Association for Bank Women have been compiling statistics on women bank officers in the United States.

"All I said was, 'I don't know how we'll ever be able to repay you'—and whoosh!, he grabbed it right back"



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Simplest! at $\frac{1}{3}$ the cost!



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Thomas A. Edison
INCORPORATED



EDISON, 13 Lakeside Ave., W. Orange, N. J.

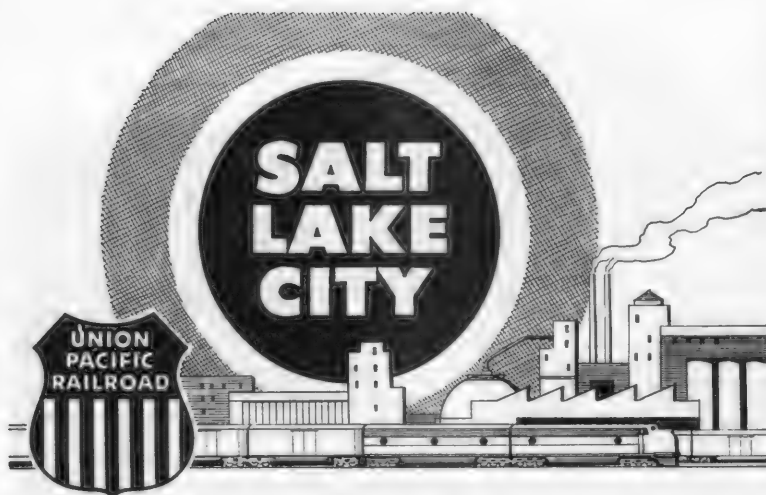
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COMPANY _____

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CITY _____ ZONE _____ STATE _____



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In its surrounding territory are found a large variety of industrial raw materials.

Practically unlimited supplies of mineral fuels, and an abundance of water, create a source of low

cost fuel and power.

A progressive industrial attitude is fostered by state, county, and municipal officials.

Stability and good living conditions help make a contented citizenry, provide a superior skilled-labor force.

The climate is temperate—without extremes. Throughout the four seasons the mean annual temperature is 50.9° F., while relative humidity is low and constant.



Union Pacific still has many choice sites available in the Salt Lake City and Ogden, Utah, areas, suitable to the peculiar needs of various types of industry.

System-wide, Union Pacific's industrial plant opportunities include sites in these eleven States: CALIFORNIA, COLORADO, IDAHO, KANSAS, MONTANA, NEBRASKA, NEVADA, OREGON, UTAH, WASHINGTON and WYOMING.

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INDUSTRIAL PROPERTIES DEPARTMENT
UNION PACIFIC RAILROAD, ROOM 142
OMAHA 2, NEBRASKA

UNION PACIFIC RAILROAD

The latest tabulation shows 6,013 women listed in the final 1950 edition of Rand McNally's *Bankers Directory*. Six were "owners or partners," 25 were board chairmen, 96 held the presidential office. There were 337 women vice-presidents, 39 assistant vice-presidents, 532 cashiers, and 4,162 assistant cashiers among more than a dozen official designations.

The association has a current membership of approximately 1,200 women who hold executive positions in banks.

Thank You, Mrs. Lessels

OUR September 1950 cover, you may remember, was a four-color street map of Manhattan Island, spotting the location of banks for the possible convenience of out-of-towners who would be attending the 75th annual convention of the American Bankers Association.

Recently we received a letter from Mrs. MARJORIE B. LESSELS, librarian of the Concord (New Hampshire) High School. She said:

"That is the clearest map of the city I have ever seen, and I have worn it out on my trips to New York." She wanted two more copies—one for her personal use, the other for her school library.

Our September 1949 cover is also in Mrs. LESSELS' files and she has found it "most useful." That one was an artist's drawing of the western states, showing resources and landmarks of the region bankers would visit when they attended that year's convention at San Francisco.

J. L. C.

"No, I haven't the time, but I would think it must be about one minute to three"



BANKING

"The way we do it, Larry, is to have our brokers deliver the securities to Bankers Trust in New York for our Custodian Account. It saves time and trouble....."



Here's a safe, easy way to handle { your bank's securities your customers' securities

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livery of securities as you direct—notice of subscription rights and exchanges. Upon completion of all transactions you receive detailed advices that contain the necessary data for tax reports.

Your orders to buy or sell will be handled by Bankers Trust if you desire, or you may place them with your own brokers or dealers.

Securities in a Custodian Account are lodged in our modern vaults, kept separate from those in other

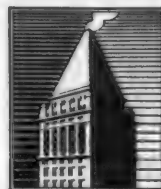
accounts and are always under your complete control.

Hundreds of out-of-town banks, corporations, educational institutions, insurance companies and similar organizations are using this safe, time-saving means of handling securities.

Without obligation, you are invited to write for complete information. Please address Custodian Division, 16 Wall Street, New York 15, N. Y.

BANKERS TRUST COMPANY NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



BANKING'S Question—

HERBERT E. GASTON

Chairman and president, Export-Import Bank of Washington

CERTAINLY all foreign loans should be made on a business basis no matter by whom made, and in general this applies also to grants. This means that the loan must be self-sustaining, whether it is for a revenue project or for a public improvement. If it is a revenue project it should yield income sufficient to service and pay off the loan and, in a country where there is a chronic shortage of dollars, it should result in the direct earning or saving of dollars sufficient for its service. In the case of a public improvement project the loan ought to produce general values to the economy which will result in earnings sufficient to accomplish the same end.

I am speaking, of course, of inter-governmental loans or loans made by a government agency to businesses or governmental agencies in a foreign country. It may be said that all of these loans are in a sense political, since they would not be made if it were not for an interest on the part of the United States in the welfare of the country concerned.

GOVERNMENT lending agencies may be profitable, but they are not established primarily for the purpose of profit. Therefore loans, however good and profitable they may be both to the recipient country and to the United States, are "political" in the sense that they are made to achieve broad objectives of public policy. This is true even when the loans are made by an international agency. The loan is always tinged with the political consideration of wishing to promote the economic welfare of the particular country in which the loan is made and international political considerations enter into a decision whether or not to make the loan.

The policy of the Export-Import

FOREIGN aid has come to be a built-in part of the United States budget. Although heretofore it has been handled in a series of separate programs, it has lately been proposed that all such programs be consolidated and operated by a single foreign economic agency of the Federal Government. The theory is that this country will have to lend support to other countries indefinitely. In the Congress this line of reasoning is accepted only with considerable reservation. There are many who complain that we cannot support the whole world and urge that we be more businesslike in extending loans and gifts to other countries. Two different views on this subject are presented below in answer to **BANKING'S** question: "To what extent should foreign economic aid, including loans, be made on a political as against a business basis?"

Bank of Washington is to make loans to serve the interests of the United States, both its trade interests and general policy interests, which in themselves are rather difficult to distinguish. At the same time it has always been definitely its policy to make loans that are sound in the business sense, that afford "reasonable assurance of re-

payment," and will also do something of real value for the recipient country. This policy has been very strictly adhered to in the 17 years of the Bank's life, to such an extent that, while in the Bank's history more than \$5-billion of credits have been authorized and there is now outstanding \$2.25-billion, the losses have been infinitesimal.

Mr. Gaston



HARRIS & EWING

"To What Extent Should Foreign Economic Aid, Including Loans, Be Made on a Political as Against a Business Basis?"

KENNETH S. WHERRY

Senator from Nebraska and member,
Appropriations Committee

THE question divides foreign aid of the American Government into two categories: gifts and loans. Gifts necessarily are made on nonbusiness considerations. Therefore, in the case of gifts, political considerations must predominate. An exception, of course, would be gifts of the compassionate type, such as to the International Children's Fund. UNRRA contributions likewise fell into this category, our portion having been turned over to an international organization to distribute with no strings attached. The Bretton Woods program—our contributions to the World Fund and World Bank—are still other examples where the political benefits to the United States which the authors of

the programs may have had in mind could be at best only general and elusive. Such programs, therefore, large though they be, bring to the United States no assured political *quid pro quo*.

Passing next to a gift program such as the ERP as it has actually operated, political fruit was expected to grow from the liberal sowing of dollars abroad. In its original concept, of course, the ERP was offered to all Europe, including the Communist portion. The fact that the USSR pushed aside the hand which offered ERP help, coupled with the great worsening of political relations between East and West in the years since then, has made of the ERP a program completely political in purpose.

Economic aid for military purposes similarly is political in character. I have serious doubt on the accomplishments of the lavish gifts

we have been making in various ways since 1945. We are having to buy the political results, real or fancied, over and over again. Lasting friendship or gratitude cannot be bought.

We are informed that we never dare stop. It all started with wartime lend-lease—that fire hose we were to lend our neighbor which he was later to return.

American Government loans to foreign countries should have a businesslike character, liberal though the terms may be. The chief characteristic of sound loans is that they both can be and should be repaid in accordance with their terms. This is the honorable procedure for both giver and receiver.

A loan full of clauses, for the purpose of escape, is not businesslike, and should not be called a loan.

Whenever the United States Government gives aid or lends it, the primary factor is political. When we put millions and billions of dollars directly or indirectly at the disposal of the State Department in this way, and do it again and again, we are in effect multiplying that department's appropriations and furnishing sinews for expansion of the socialistic objectives of the Truman-Acheson Administration.

THE aim of our Government should be to get out of international socialism through international money-lending, and channel these operations into private enterprise.

Supersalesmen of the Administration in the past have given Congress rosy promises on what would be accomplished by loans and gifts to foreign governments. It would be well to dust off these promises and consider how they turned out, when the Administration again tries to dip into the taxpayers' pockets for new grants and loans in the biggest give-away show on earth.



Senator
Wherry

HARRIS & EWING

When you think of Pittsburgh's NEW BUSINESSES...



Over a hundred firms have located new plants or other operations in the Pittsburgh district in the past few years. Railroads operating in the area have invested over a million dollars in new equipment. A \$26,000,000 Greater Pittsburgh Airport to be completed soon, is within 20 minutes of the Golden Triangle.

With these and other improvements, Pittsburgh is enjoying one of the biggest booms in its history. Industrial expansion alone amounts to a billion dollars, and an equal amount is going into other commercial and civic construction projects.

With 18 offices in the area, Peoples First National has a first hand knowledge of business, gained in its many dealings with diversified industry "all around the town." Peoples First National is a wise choice as your correspondent bank. We welcome the privilege of serving you.

PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY

Correspondent Bank Department

P. O. Box 506, Pittsburgh 30, Pa.

Member F. D. I. C.



THE rather crusty old gentleman stalked up to the cashier and complained, "Here it is, the tenth of the month, and I haven't had my bank statement yet."

"Just have a seat here, please," said the cashier, "and I'll investigate."

Inquiry in the bookkeeping department showed that the statement and cancelled vouchers had been sent out in the mail with the other statements more than a week before.

"Are you sure you didn't get it in the mail and then perhaps mislay it?" asked the cashier.

"What kind of an envelope did you mail it in?" countered the old gentleman. "Here's one I got in my box at the post-office but it didn't have a thing in it—you just mailed



it to me empty." And he pulled out of his pocket a business envelope with the familiar window, of the type used for mailing statements, and with the bank's return address in the upper left-hand corner. "I found this in my box last week with nothing in it."

After considerable explanation that the envelope could not have reached him unless the name on the statement showed through the window, the disgruntled customer suddenly recalled that he had examined the vouchers the envelope had contained and had put them in the glove compartment of his car for further checking, while the empty envelope was carefully placed in his coat pocket with the other mail—and all was well.

SHE was a good stenographer and did her work well, but she was slightly "clock-eyed" in the afternoons. Not so, in the mornings. Early in the day she was apparently oblivious to time, for she was usually from 10 minutes to half an hour late checking in. After a while, her supervisor spoke to her gently about it, asking her if it wasn't possible for her to get there on time. "Oh, I suppose I could," she assented,



gloomily, "if I'd just get up as soon as the alarm goes off, and then hurry a little. But, honestly, it always seems to me the days are so much longer when you get to work on time!"

* * *

HE was one of those belligerent-appearing individuals who figure that rules, as far as they are concerned, are made to be broken. When he incorporated his business, he came into the bank to open a new account for the corporation. "But I don't want to have the signature show the 'Incorporated,'" he said. "I intend to keep on with the old account for a while, too."

"But how will the bookkeepers know which account the checks should be charged to?" asked the employee whose duty it was to handle new accounts.

"They don't need to know!" barked the customer. "When those checks get back to me, cancelled, I'll charge them myself to the accounts I want them charged to."

"But we can't have two accounts in exactly the same name," timidly explained the clerk.

"Why not—if I take the responsibility?" growled the merchant. "Until I get this thing going a while I want to be free to charge the checks to whichever account is best for my business—that's entirely up to me."

It was all too much for the baffled young lady. She turned him over to an officer and let them fight it out.

BELLE S. HAMILTON

GIVE THIS *Special Service* TO
YOUR CUSTOMERS TRAVELING
IN *Canada...*



Build profit and goodwill by providing this safe, inexpensive and convenient form of travel funds for your customers—acceptable at par at chartered banks *everywhere in Canada.*

TRAVELERS CHECKS of
Canada's First Bank

Bank of Montreal Travelers Checks—backed by a record of complete safety and unexcelled service over 130 years—provide a travel-fund instrument payable in Canadian dollars that is unsurpassed for Americans visiting north of the border on business or pleasure.

The rate of exchange is definitely established for your customer at the time of purchase. You will enhance his good-will and increase your profits by selling him Bank of Montreal Travelers Checks.

To arrange for the sale of these checks by your bank is simple . . . Address your request for particulars—by letter or telegram—to: Superintendent, Foreign Department, Bank of Montreal, Place d'Armes, Montreal, Que. or any of our U.S. offices mentioned below.



BANK OF MONTREAL ... *Canada's First Bank*
OVER 550 BRANCHES ACROSS CANADA *Coast-to-Coast*

NEW YORK AGENCY . . . 64 Wall Street, 5 CHICAGO OFFICE . . . 27 South LaSalle Street, 3
SAN FRANCISCO OFFICE . . . Bank of Montreal (San Francisco) 333 California Street, 4

RESOURCES EXCEED \$2 BILLION



Heard Along Main Street

Bankers Trust Announces Fifth Merger

As the fifth in a series of mergers begun in July of last year, BANKERS TRUST COMPANY of New York announced plans for acquiring the COMMERCIAL NATIONAL BANK AND TRUST COMPANY.

Commercial's statement of March 31, 1951, showed deposits of \$192-million and loans of over \$63-million.

Its president, JOHN M. BUDINGER, and vice-president, WILLIAM T. TAYLOR, become vice-presidents and directors of Bankers Trust.

Commercial National's office becomes the 14th in New York City for Bankers. Previous mergers had for the first time provided it with offices outside of Manhattan, namely, in Brooklyn, Bronx, and Queens.

GURNEY P. HOOD has been succeeded as Commissioner of Banks of North Carolina by WILLIAM W. JONES, formerly treasurer and general manager of the State Employees Credit Union. Mr. HOOD had held the office for 20 years.

JOHN J. BARRY, vice-president of the National Shawmut Bank of Boston, in charge of advertising and public relations, has been named public relations chairman of Metropolitan Boston's Red Feather campaign for 1952.

WILLIAM G. RABE, chairman of the directors' trust committee, Manufacturers Trust Company, New York, has been elected to the board of the Beech-Nut Packing Company.

JESSE W. TAPP, vice-president of the Bank of America, San Francisco, and a member of the A.B.A. Agricultural Commission, has been appointed special agricultural adviser

to Economic Stabilizer Eric A. Johnston. Mr. TAPP will also be liaison officer between the Economic Stabilization Agency and such Government agencies as the Department of Agriculture, Defense Production Administration and the National Production Authority.

MRS. ETTA WILLIAMS KENT, wife of Fred I. Kent, director of Bankers Trust Company, New York, and

long prominent nationally in the American Bankers Association, died on May 5. She and Dr. Kent had observed their 60th wedding anniversary just two weeks before her death.

W. A. B. ILIFF, formerly loan director of the International Bank for Reconstruction and Development, is now assistant to the president, a new (CONTINUED ON PAGE 20)

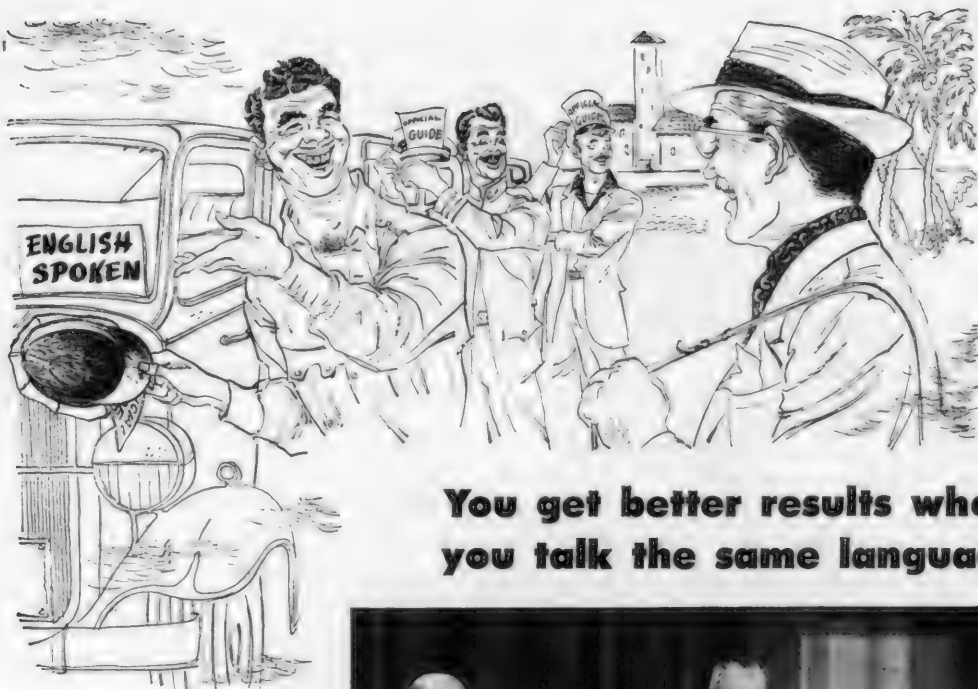
The OLSONS won over the JOHNSONS 15 to 12 in an attendance "contest" at the annual Ninth District bankers conference of the Federal Reserve Bank of Minneapolis



Forming the letter "O" are the Olsons, 13 of them from Minnesota banks. Clockwise from "6 o'clock" are: L. L. First National Bank, Barnesville; Hilding J., Western National Bank, Duluth; Earl E., Duluth National Bank; C. G., First National Bank, Osakis; O. R., Citizens State Bank, Barrett; Lynn S., First National Bank, Cloquet; John M., Gladstone State Savings Bank; Jesse, State Bank of Redwood Falls; Clarence R., Poplar (Wisc.) State Bank; Otto G., Home State Bank, Kandiyohi; Silas, First National Bank, Minneapolis; Oscar A., Jr., First National Bank, Braham; P. V., Northwest Security State Bank, Sioux Falls (S.D.); John G., Citizens National Bank, Madelia; E. W., Security State Bank, Ellendale

The Johnsons, beginning at the lower left and following up the "J" are: H. O., State Bank of Darfur, Minn.; R. H., Drayton State Bank, Drayton, N. D.; Elmer B., Forest Lake (Minn.) State Bank; Gust J., Washburn (Wisc.) State Bank; Roy H., First National Bank, Negaunee, Mich.; R. B., State Bank of Clarks Grove, Minn.; Russell E., Winthrop (Minn.) State Bank; Edgar, Merchants & Miners State Bank, Calumet, Mich.; H. M., First National Bank, Farmington, Minn.; Hiram, First State Bank, Fountain, Minn.; Harvey M., First National Bank, Fairmont, Minn.; Walter K., Farmers State Bank, Estelline, S. D.





**You get better results when
you talk the same language**

John J. Anton, Vice-President in charge of Division F, discusses with correspondent bankers their problems of bank management, earnings, and bond portfolio; and explains the recently inaugurated Rapid Router. This new service provides even faster collection of checks and other items. It is one of the reasons so many banks have found it profitable to maintain correspondent relationships with The First.



DIVISION F

JOHN J. ANTON, *Vice-President*
GAYLORD A. FREEMAN, JR., *Vice-Pres.*
MELVIN H. THIES, *Asst. Vice-Pres.*
VERNE L. BARTLING, *Asst. Vice-Pres.*
EDWARD DECKER, *Asst. Vice-Pres.*
CHARLES F. NEWHALL, *Asst. Vice-Pres.*
JOHN S. GLEASON, JR., *Asst. Vice-Pres.*
VICTOR C. VON MEDING, *Asst. Cashier*
LAWRENCE J. BERRY, *Asst. Cashier*
H. STANLEY PICKFORD, *Asst. Cashier*
ERNEST J. HULTGREN, *Asst. Cashier*

Under the unique Divisional Organization of The First National Bank of Chicago, the officers of each division are intimately acquainted with the activities, trends, and problems of the industries on which they concentrate their efforts.

Division F, for instance, deals exclusively with providing financial services to other banks and bankers:—collection and loan facilities; credit information; foreign banking, bond, and trust services; assistance in tax, insurance, planning, remodelling, and personnel problems; and many out-of-the-ordinary services.

No matter what business you are in—no matter whether it is large or small—you and the particular group of officers of The First National Bank with whom you discuss your financial requirements—thoroughly understand each other.

And . . . you get better results when you talk the same language.

EDWARD E. BROWN, *Chairman of the Board*

JAMES B. FORCAN, *Vice-Chairman*

HOMER J. LIVINGSTON, *President*

HAROLD V. AMBERG, *Vice-President*

HUGO A. ANDERSON, *Vice-President*

WALTER M. HEYMANN, *Vice-President*

HERBERT P. SNYDER, *Vice-President*

**BUILDING WITH CHICAGO
SINCE 1863**



The First National Bank of Chicago

DEARBORN, MONROE AND CLARK STREETS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



ELECTRONICS INDUSTRY of Los Angeles County—covering production of radio and television equipment, phonographs, radar and related detection apparatus, etc.—employs over 12,900 persons, has a payroll exceeding \$47,000,000 a year.

ELECTRONIC CALIFORNIA

Another facet of many-sided industrial California is *Electronics*. To this industry—as to all California industries and to individuals in every walk of life—Security-First National Bank provides a complete range of banking service through 132 Offices and Branches in key communities from mid-California to Mexico.

And Security offers complete service for correspondents. Banks in all sections of the United States and overseas are using it.

Would a Pacific Coast correspondent be useful to you? We would be glad to serve you. Address inquiries to Banks and Bankers Dept.

RESOURCES OVER 1½ BILLION DOLLARS

MANAGING COMMITTEE

George M. Wallace, Chairman
Chairman Board of Directors

James E. Shelton
President

Chester A. Rude
Chairman Executive Committee

L. W. Craig
Vice-President

C. T. Wienke
Vice-President

SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

Member Federal Deposit Insurance Corporation
Member Federal Reserve System

(CONTINUED FROM PAGE 18)

staff office. He will aid President EUGENE R. BLACK and ROBERT L. GARNER, vice-president and general manager, advising them on general policies and assisting in the bank's relations with member governments. Mr. ILIFF's successor as loan director is A. S. G. HOAR, formerly assistant loan director.

Charles G. Dawes

GENERAL CHARLES G. DAWES, Vice-president of the United States under Calvin Coolidge and founder-chairman of City National Bank and Trust Company of Chicago, died on April 23.

General DAWES first became known nationally in the public utilities field; but as early as 1892 he published *The Banking System of the United States*, the first of his many books. He was Comptroller of the Currency from 1897 to 1902 under President McKinley, and later in 1902 organized the Central Trust Company of Illinois.

In 1920 General DAWES led a public campaign for increasing the efficiency of the Federal Government by installing a national budget and coordinating the executive departments. When the budget system was authorized by law, he became—under President Harding—the first Director of the Budget.

He was author of the Dawes Plan for German Reparations, an achievement that won him the Nobel Peace Prize.

He served as U. S. Ambassador to
(CONTINUED ON PAGE 22)

Charles G. Dawes



WHAT DOES THIS EMBLEM MEAN TO YOU?



- 1 It identifies you to the people in your community who look for this emblem when they join the Christmas Club.
- 2 It reminds the Christmas Club member of the weekly payment due.
- 3 It assures you of a service that constantly promotes the services you offer to the public.
- 4 It indicates the organization that originated the Christmas Club plan and has for 41 years maintained the confidence of its customer financial institutions and of the public that they serve.
- 5 It attracts permanent customers.
- 6 It represents an organization that researches for the facts that build savings, build character, and build business for banks.

**Banks that use the services of Christmas Club,
A Corporation, are banks that grow.**

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

**In Institutions using the services of
Christmas Club, A Corporation**

72% of members have opened savings accounts

30% of members have made loans

27% of members rented safe deposit boxes

54% of members have opened checking accounts

A Christmas Club, A Corporation, sales representative can
show you how to achieve the same results for your bank.

Christmas Club
A Corporation

FOUNDED BY HERBERT F. RAWLL

230 PARK AVENUE, NEW YORK 17, N. Y.

SERVICE

Maintaining an intimate, personalized correspondent service.

EXPERIENCE

Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

POLICY

To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

The Public National Bank and Trust Company of New York

Established 1908

Member: New York Clearing House Association
Federal Deposit Insurance Corporation

YOUR EXPENSIVE OFFICE MACHINE
IS SAFE ON A
Tusco "NON-CAPSIZABLE"
OFFICE MACHINE STAND



TUSCO STANDS ARE ADAPTABLE TO
OVER 95% OF ALL OFFICE MACHINES

Tusco Stands provide a combination of strength, stability, operator comfort and beauty available in no other office machine stand. Equipped with an adjustable ball foot the TUSCO Stand provides solid support for the heaviest, most active machines on the most uneven floors.

TUBULAR SPECIALTY MFG. CO.
1940 Stanley Ave. Detroit 8, Mich.
ESTABLISHED 1921

(CONTINUED FROM PAGE 20)

the Court of St. James's, and under President Hoover was head of the Reconstruction Finance Corporation. After resigning the latter position in 1932, he organized the City National Bank and Trust Company in Chicago.

Centenarian Banker

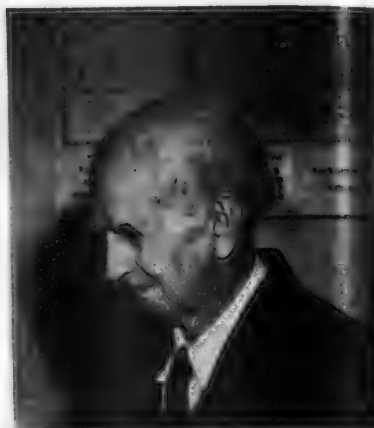
W A. GRAHAM, president of the First National Bank of Pryor, Oklahoma, and chairman of the First National Bank, Vinita, Oklahoma, celebrated his 100th birthday on May 18.

The entire city of Pryor, which has received many benefactions from Mr. GRAHAM, including the recent gift of a \$280,000 municipal electric plant, was in on the party.

May 18 was also Convention Day for the Oklahoma Bankers Association, which sent greetings to the banker. Another greeter was JAMES E. SHELTON, president of the American Bankers Association, who was a guest of the OBA.

Mr. GRAHAM was an organizer of the First National Bank at Vinita and has been a director ever since—a period of 59 years. He has missed "very, very few meetings," says the bank's president, GEORGE M. REEVES.

In 1900 Mr. GRAHAM organized the First National Bank of Pryor and is still active in an advisory capacity. He walks to his office in that bank daily—and takes longer walks



W. A. Graham

if he feels the need for more exercise. His principal hobby is sending postcards to his friends; most of the messages are in verse.

HENRY J. COURT, formerly of the Bank of America, is now a vice-president of the Republic National Bank, Dallas, in the correspondent bank division. He is a former member of the Executive Council, American Institute of Banking, and attended The Graduate School of Banking. At Bank of America he was in the corporation and bank relations division.

WILLIAM D. VAN DYKE, formerly a sales representative for Radio Sta-

(CONTINUED ON PAGE 25)

Among the 30 men recently inducted into the Chase National Bank American Legion Post No. 1674 was Chase President Percy J. Ebbott (front row, second from left). Mr. Ebbott was an Air Force Captain in World War I. The Post has 300 members, all New York employees of the bank



FIELD WAREHOUSING

Warehouse Receipt Loans Against Inventory

Hundreds of Bankers use our Field Warehouse Service in connection with Warehouse Receipt Loans against raw materials and finished products stored right on their customers' own premises. These Bankers tell us they like our knowledge of storage methods and our simplified inventory control, certified stock reports, frequent physical inventories. Their customers find our storage charges reasonable and they welcome this method of getting additional working cash, which is so essential now in face of rising costs, higher taxes and heavier payrolls.

★

OPERATING OFFICES

128 Jackson St., Albany 1, Ga. • Healey Bldg., Atlanta 3, Ga. • 60 State St., Boston 9, Mass. • 14 Lafayette Square, Buffalo 3, N. Y. • 173 West Madison St., Chicago 2, Ill. • Thomas Bldg., Dallas 1, Texas • National Bank Bldg., Detroit 32, Mich. • 121 W. Forsyth St., Jacksonville 2, Fla. • 520 W. Seventh St., Los Angeles 14, Calif. • 39-45 No. Third St., Memphis 3, Tenn. • 404 St. Charles St., New Orleans 12, La. • 16 So. Broad St., Philadelphia 2, Pa. • Keystone Bldg., Pittsburgh 22, Pa. • 425 East 8th St., St. Paul 1, Minn. • 235 Montgomery St., San Francisco 4, Calif.

New York Terminal Warehouse Company

25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

An Announcement...

ON JUNE 30, 1951

CENTRAL HANOVER BANK AND TRUST COMPANY
WILL SHORTEN ITS TITLE TO

THE HANOVER BANK

A CENTURY AGO The Hanover Bank was established at Hanover Square, New York. In 1929 it was merged with the Central Union Trust Company to form the Central Hanover Bank and Trust Company. Now for the purpose of simplification and to conform to common usage, the shorter corporate title has been adopted.

No change will be involved in the operations of the bank or in the services rendered. The Hanover Bank will continue its complete banking facilities and its modern and comprehensive Trust Department . . . and will be known for the correspondents it keeps.

500 banks, in all parts of the Nation, have been correspondents of The Hanover Bank for more than half a century.



**CENTRAL HANOVER
BANK AND TRUST COMPANY**

NEW YORK

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 22)

tion WMC, Memphis has been named public relations director for the Union Planters National Bank and Trust Company in that city.

ROBERT M. HANES, president of Wachovia Bank and Trust Co., Winston-Salem, North Carolina, and a past president of the American Bankers Association, has been named to the National Policy Board of the American Assembly. The objective of the Assembly is "to clarify and increase the understanding of issues important to the American people."

DR. ARTHUR A. BRIGHT JR., has taken a one-year leave of absence from his position as industrial economist for the Federal Reserve Bank of Boston to serve as director of research for the Committee of New England. The Committee was organized to study the effects of Federal Government policies on the region's economy.

The Boston Five Cents Savings Bank has added to its board of trustees RALPH M. EASTMAN, vice-president of the State Street Trust Company.

OTIS A. THOMPSON, president of the National Bank & Trust Company of Norwich, New York, recently observed his 50th anniversary as a banker. Mr. THOMPSON has been

This portrait of James G. Blaine, president of the Marine Midland Trust Company, Buffalo, and former president of the New York State Chamber of Commerce, was painted by his wife, Irina Blaine, and presented to the Chamber



"What might happen" won't happen when you specify **YALE**

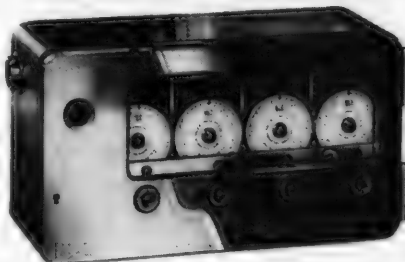
YOU KNOW the name YALE, of course—know it as a household word—a synonym for fine security locks.

But did you know that YALE makes many kinds of equipment for specific applications in your business? Yes, there are YALE locks and safety devices for bank vaults, doors and deposit boxes—equipment that *anticipates and prevents* so many of the emergencies and risks that can cause you worry.

Thousands of banking execu-

tives the country over can tell you that YALE's 83 years of experience in developing security equipment *plus* YALE service is a hard combination to beat. Both are available to you at any time.

For help with a specific problem, for information about any of the products shown below, or for all the facts on our complete line, write: The Yale & Towne Manufacturing Company, Dept. S-406, Stamford, Conn. (In Canada, St. Catharines, Ontario.)

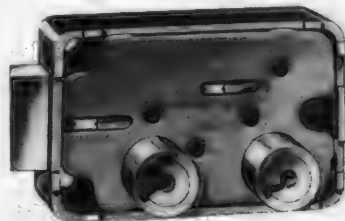


Yale 120-Hour Time Lock Movements give you freedom from weekend worry and annoyance, give you a full measure of extra security, even under the most extreme conditions.

Yale Emergency Vault Ventilator. A turn of the handle inside the vault forces in a continuous stream of fresh air, provides light and communication, prevents panic and costly emergency rescues of trapped personnel.



Yale Safe Deposit Locks, Series No. 5705. In this series are good security lever tumbler locks for door sizes from 1¼ to 10 inches. Flat or corrugated keys for both renter and guard. Many other types of safe deposit locks available.



YALE & TOWNE

YALE is the registered trademark of The Yale & Towne Manufacturing Company



No Other Wrapper So Accurate!

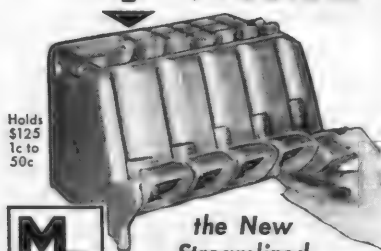
★ They wrap all coins from 1¢ to \$1.00 so accurately—they're manufactured on specially designed machines to give this precision—any chance of error is eliminated. Patented Red Windows not only reveal amount and denomination but give ease of visibility. Unmatched by competition, these Wrappers are the biggest sellers in America.

Free Samples-

WRITE TODAY TO DEPT. N

*The C. L. DOWNEY Company
HANNIBAL, MISSOURI
World's Largest Mfrs. of Coin Wrappers*

SOLVES YOUR Coin Changing Problem



Holds \$125
1c to 50c

MP Jr. the New Streamlined COIN CHANGER

SMALLER
8" x 10" x 6 1/4"

LIGHTER
9 pounds net

Exclusive feature—hidden currency and check box under removable top tray.

In banks, chain and department stores, financial institutions, factories, PX's, ticket offices, etc.—wherever quick, accurate change making is a problem—they all say the new M P Jr. semi-automatic is tops. Modern streamlining does it. Provides both better appearance and smoother, more efficient operation. And the clincher—with all its features, the M P Jr. is actually the lowest priced streamline design changer on the market. At leading stationery and office supply dealers.

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J. F. O'Donnell



John J. Kubach



Sidney A. Trundle



John J. O'Meara

chairman of the Agricultural Commission, American Bankers Association, and is a former director of the Federal Reserve Bank of New York. He was elected president of the National Bank & Trust Company in 1938.

The Public National Bank and Trust Company of New York announces promotion of JAMES F. O'DONNELL and JOHN J. KUBACH to vice-presidencies.

SIDNEY A. TRUNDLE has been made a vice-president of Manufacturers Trust Company, New York. Mr. TRUNDLE, with the Fifth Avenue & 43rd Street office, is an alumnus of The Graduate School of Banking.

JOHN J. O'MEARA has joined the staff of the Mercantile National Bank, Dallas, as vice-president. He was formerly assistant vice-presi-

dent of the First National Bank in St. Louis and its special representative in several southern states.

CLARENCE FRANCIS, chairman of the board of General Foods Corporation, New York, has been elected a class B director of the Federal Reserve Bank of New York to fill the vacancy caused by the death of LEWIS H. BROWN, chairman of Johns-Manville Corporation.

GEORGE H. ZIMMERMAN, chairman and president, Wm. Cameron & Co., Waco, Texas, has been elected a Class B director of the Federal Reserve Bank of Dallas. He succeeds the late J. R. MILAM for the unexpired portion of a term ending December 31, 1951.

ANTHONY POSS, trust officer, Central National Bank of Cleveland, retired May 1 after having been with

Artist Lumen M. Winter works on a 15' x 30' mural, "Fishermen," for the new branch of the East Brooklyn (N. Y.) Savings Bank. The picture symbolizes man at work for the future





E. H. Dunkelmann Edward Streeter

the bank since November, 1916. He was for many years educational director of Cleveland Chapter, A.I.B.

EDWARD H. DUNKELMANN, assistant cashier of The Public National Bank and Trust Company of New York, has been elected president of New York Chapter, American Institute of Banking. He is an alumnus of The Graduate School of Banking, class of 1946.

EDWARD STREETER, vice-president of the Bank of New York and Fifth Avenue Bank and author of *Father of the Bride*, has been elected a trustee of The Bank for Savings in the City of New York.

News About Banks

The FARMERS AND MERCHANTS NATIONAL BANK of Los Angeles recently celebrated its 80th anniversary.

(CONTINUED ON PAGE 30)

Fred F. Florence, president, Republic National Bank, Dallas, in front of Fred F. Florence Hall. The building named in his honor is one of three new structures in the new Southwestern Legal Center of Southern Methodist University



STATISTICS

Figures can be misleading at times, especially when they are slanted towards the predetermined objective of the statistician. At other times they can be most revealing, particularly when they make us more conscious of an existing condition which has significance to us.

A case in point concerns the size of checking account balances thruout the country. Some of them are very large indeed, but 95% are less than \$5,000 and, of this majority group, the average is \$536.78—or at least that is what it was last year and it probably has not changed much since.

Well, this comes as no surprise but it does re-emphasize the fact that the normal market reached by banks is made up of little fellows. This conclusion, in turn, encourages us to step up the program of merchan-

dising to the masses. As we pointed out way back in the 30's, "retail banking needs more salesmen," and these little bits of factual information give added weight to that viewpoint.

Despite the forty million checking accounts in existence at this time, each year those two million people who never saw an elephant similarly never had checking accounts, and they should have them. The right to issue their own "personal currency" is something in which they would take pride and for which they would be willing to pay. The opportunity to acquaint them with the importance of this precision-built disbursing machine is before us all the time and presents a constant challenge to reach this ever-changing group of prospects.



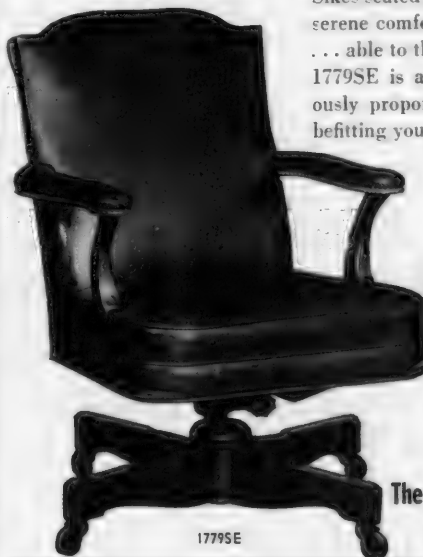
Manufacturing Plants at:

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Sikes-seated executives sail through the day in serene comfort. They are relaxed . . . at ease . . . able to think and act with confidence. The 1779SE is a true "luxury liner" . . . generously proportioned with aristocratic lines so befitting your executive office.

Rich, top-grain leather covered back and seat. And the famous Sikes spring edge seat practically eliminates under-leg pressure. See your nearby Sikes office furniture dealer. Tell him you would like a "comfort - cruise" in one of these luxuriously impressive chairs.



1779SE



1780SE

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And it won't surprise any

ALTHOUGH we have been in business for over 100 years . . . more installations of Mosler bank protective equipment were made in 1950 than in any other year. But what makes us even prouder is the fact that, *for more than a century*, no Mosler bank vault has ever failed to give complete protection. Neither fact, however, is likely to surprise any banker. For, after all, over 70% of the nation's banks (and leading businesses) *rely* on Mosler protective equipment.

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World's largest builders of safes and vaults . . . Mosler built the U. S. Gold Storage Vaults at Ft. Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima



Banker in the World

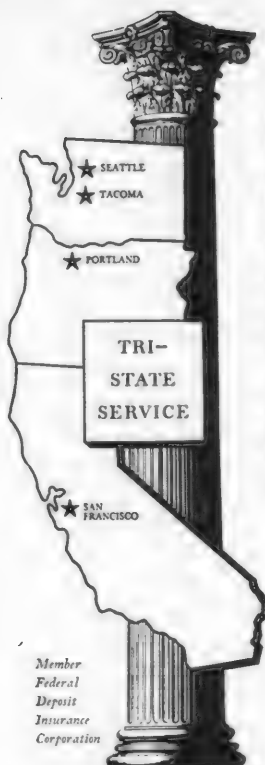


AMONG THE HUNDREDS OF BANK INSTALLATIONS MADE

BY MOSLER IN 1950, ALONE:

BIRMINGHAM TRUST NATIONAL BANK Birmingham, Ala.	B. B. & E. CORP. St. Louis, Mo.	FIRST NATIONAL BANK Altus, Okla.
VALLEY NATIONAL BANK Phoenix, Ariz.	WESTERN LIFE INSURANCE CO. Helena, Mont.	FIRST NATIONAL BANK Ponca City, Okla.
NATIONAL BANK OF EASTERN ARK. Forrest City, Ark.	AMERICAN NATIONAL BANK Sidney, Nebr.	AMERICAN NATIONAL BANK Sapulpa, Okla.
SECURITY FIRST NATIONAL BANK Los Angeles, Calif.	NEVADA BANK OF COMMERCE Reno, Nevada	THE FIRST NATIONAL BANK Eugene, Oregon
BANK OF AMERICA San Francisco, Calif.	NATIONAL STATE CAPITAL BANK Coacoca, N. H.	FEDERAL RESERVE BANK Portland, Oregon
FIRST NATIONAL BANK Lamar, Colo.	FIRST SAVINGS & LOAN ASSN. East Paterson, N. J.	FIRST NATIONAL BANK Portland, Oregon
COLORADO STATE BANK Denver, Colo.	UNION COUNTY TRUST CO. Elizabeth, N. J.	THE U. S. NATIONAL BANK Portland, Oregon
HARTFORD CONNECTICUT TRUST CO. Hartford, Conn.	FAIRLAWN-RADBURN TRUST CO. Fairlawn, N. J.	THE FIRST NATIONAL BANK Erie, Penn.
PHOENIX ST. BANK & TRUST CO. Hartford, Conn.	HOWARD SAVINGS BANK Newark, N. J.	U. S. NATIONAL BANK Johnstown, Penn.
RIVERSIDE TRUST CO. Hartford, Conn.	NATIONAL BANK & TRUST CO. Passaic-Clifton, N. J.	CENTRAL PENN NATIONAL BANK Philadelphia, Penn.
FIRST NATIONAL BANK Dover, Del.	FIRST NATIONAL BANK & TRUST CO. Paterson, N. J.	THE PENNSYLVANIA CO. Philadelphia, Penn.
CHASE FEDERAL SAVINGS & LOAN ASSN. Miami Beach, Florida	FIRST NATIONAL BANK Melrose, N. M.	THE PHILADELPHIA SAVINGS FUND SOCIETY Philadelphia, Penn.
BANK OF GEORGIA Atlanta, Ga.	EAST BROOKLYN SAVINGS BANK Brooklyn, N. Y.	TRADESMEN'S NATIONAL BANK & TRUST CO. Philadelphia, Penn.
C & S NATIONAL BANK Atlanta, Ga.	DIME SAVINGS BANK Brooklyn, N. Y.	MELLON NATIONAL BANK & TRUST CO. Pittsburgh, Penn.
AMERICAN NATIONAL BANK Brunswick, Ga.	GREATER N. Y. SAVINGS BANK Brooklyn, N. Y.	PEOPLES FIRST NATIONAL BANK & TRUST CO. Pittsburgh, Penn.
COLUMBUS BANK & TRUST CO. Columbus, Ga.	MARINE TRUST CO. Buffalo, N. Y.	INDUSTRIAL TRUST CO. Providence, R. I.
FOURTH NATIONAL BANK Columbus, Ga.	M & T TRUST CO. Buffalo, N. Y.	FIRST NATIONAL BANK Greenville, S. C.
FIRST NATIONAL BANK & TRUST CO. Macon, Ga.	CITY NATIONAL BANK & TRUST CO. Gloversville, N. Y.	THIRD NATIONAL BANK Nashville, Tenn.
SAVANNAH BANK & TRUST CO. Savannah, Ga.	UNION TRUST CO. Jamestown, N. Y.	CAPITAL NATIONAL BANK Austin, Texas
IDAHO FIRST NATIONAL BANK Boise, Idaho	HERKIMER COUNTY TRUST CO. Little Falls, N. Y.	FT. WORTH NATIONAL BANK Ft. Worth, Texas
HOME FEDERAL SAVINGS & LOAN ASSN. Chicago, Ill.	BANK OF MANHATTAN CO. New York, N. Y.	FIRST NATIONAL BANK San Antonio, Texas
THE FIRST NATIONAL BANK Crown Point, Ind.	BRONX SAVINGS BANK New York, N. Y.	THE WAGGONER NATIONAL BANK Vernon, Texas
CITIZENS NATIONAL BANK Evansville, Ind.	CHASE NATIONAL BANK New York, N. Y.	WALKER BANK & TRUST CO. Salt Lake City, Utah
INDIANA NATIONAL BANK Indianapolis, Ind.	CHEMICAL BANK & TRUST CO. New York, N. Y.	GRANITE SAVINGS BANK & TRUST CO. Barre, Vermont
FIRST STATE BANK Britt, Iowa	NATIONAL CITY BANK OF N. Y. New York, N. Y.	CITIZENS NATIONAL BANK Alexandria, Va.
FIRST STATE BANK Pittsburg, Kan.	9TH FEDERAL SAVINGS & LOAN ASSN. New York, N. Y.	SOUTHERN BANK OF NORFOLK Norfolk, Va.
LINCOLN BANK & TRUST CO. Louisville, Ky.	METROPOLITAN LIFE INSURANCE CO. New York, N. Y.	BANK OF VIRGINIA Richmond, Va.
CENTRAL SAVINGS BANK & TRUST CO. Monroe, La.	MUTUAL LIFE INSURANCE CO. New York, N. Y.	HOME INSURANCE CO. Richmond, Va.
OUACHITA NATIONAL BANK Monroe, La.	NEW YORK TRUST CO. New York, N. Y.	FEDERAL RESERVE BANK Seattle, Wash.
PAN AMERICAN LIFE INS. CO. New Orleans, La.	SWISS BANK New York, N. Y.	NATIONAL BANK OF COMMERCE Seattle, Wash.
MAINE SAVINGS BANK Portland, Maine	GENESEE VALLEY TRUST CO. Rochester, N. Y.	SEATTLE TRUST AND SAVINGS BANK Seattle, Wash.
COUNTY TRUST CO. Baltimore, Md.	UNION TRUST CO. Rochester, N. Y.	SEATTLE FIRST NATIONAL BANK Yakima, Wash.
EQUITABLE TRUST CO. Baltimore, Md.	FIRST TRUST & DEPOSIT CO. Syracuse, N. Y.	FIRST NATIONAL BANK Terra Alta, W. Va.
SUBURBAN NATIONAL BANK Silver Spring, Md.	LINCOLN NATIONAL BANK & TRUST CO. Syracuse, N. Y.	SEYMOUR STATE BANK Seymour, Wis.
BROOKLINE TRUST CO. Brookline, Mass.	ONONDAGA COUNTY SAVINGS BANK Syracuse, N. Y.	RAWLINS NATIONAL BANK Rawlins, Wyo.
GREAT BARRINGTON SAVINGS BANK Great Barrington, Mass.	SYRACUSE SAVINGS BANK Syracuse, N. Y.	BANCO DE CREDITO REAL DE MINAS Rio de Janeiro, Brazil
GRANITE TRUST CO. Quincy, Mass.	PEOPLES NATIONAL BANK & TRUST CO. White Plains, N. Y.	ROYAL BANK OF CANADA Montreal, Canada
WELLESLEY NATIONAL BANK Wellesley, Mass.	PEOPLES LOAN & SAVINGS Statesville, N. C.	BANK OF NOVA SCOTIA Toronto, Canada
NATIONAL BANK OF DETROIT Detroit, Mich.	FIRST NATIONAL BANK Drake, N. D.	BANCO DE BOGOTA Bogota, Columbia
AMERICAN NATIONAL BANK St. Cloud, Minn.	THE CENTRAL TRUST CO. Cincinnati, O.	BANCO DE COMERCIO S. A. Mexico City, Mexico
THE PEOPLES BANK Ripley, Miss.	PREBLE COUNTY NATIONAL BANK Eaton, O.	BANCO DE VENEZUELA Caracas, Venezuela
PARK NATIONAL BANK Kansas City, Mo.	FIRST NATIONAL BANK Middletown, O.	
SOUTHEAST STATE BANK Kansas City, Mo.		

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This Bank's Tri-state organization offers a long-established Pacific Coast banking connection that, by policy and practice, is *one* institution, under *one* management, with *one* responsibility and *one* common purpose.

That common purpose is to give customers not only an intimate and specialized *local* service, but the full benefit of our Coastwide experience and facilities, as well.

You will not find this unique service elsewhere.

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Head Office: 400 CALIFORNIA STREET
Mission Branch: 16TH & JULIAN AVE.

IN OREGON *Portland*
330 S. W. Sixth Avenue

IN WASHINGTON
Seattle *Tacoma*
815 Second Ave. 1011 Pacific Ave.

THE BANK OF CALIFORNIA
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COLOMBIA

Land of American Opportunity

In the years ahead, few countries in South America will offer U. S. business such broad and vital trade opportunities as Colombia. All signs point to a substantial increase in Colombian travel — export and import trade — development of new industries or expansion of existing local industries.

Progressive U. S. banks and business organizations know these facts — are establishing correspondent relations in Latin America, notably in Colombia. In increasing numbers they are taking advantage of the exceptional and complete banking facilities provided by this 38-year-old institution.

With 25 offices, located in all important commercial centers, trade information is quickly gathered and forwarded to you. Special departments are available to handle your collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — *Bancoquia*

Capital paid-up \$15,000,000. — Pesos Colombian
Reserves: \$13,000,000. — Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative — Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

(CONTINUED FROM PAGE 27)

On May 1 the HUDSON COUNTY NATIONAL BANK, Jersey City, celebrated completion of its first 100 years. Each member of the staff—except the officers—received a United States Savings Bond. The board of directors, in a message to each individual, said it "recognizes that the success of the bank is due, in no small measure, to the loyalty and efficiency of the staff."

Merger of THE WATERTOWN (Connecticut) TRUST COMPANY into THE COLONIAL TRUST COMPANY of Waterbury has been approved by the boards of both banks. When the consolidation is completed, COLONIAL TRUST's assets will exceed \$35-million.

The ST. JOHNS (Michigan) NATIONAL BANK is in newly modernized quarters.

An estimated 25 percent of the population of Provo, Utah, spent a recent Saturday afternoon at the formal opening of the remodeled local branch of FIRST SECURITY BANK OF UTAH. Nearly 5,000 people attended and carried away the bank's gifts of orchids and savings banks.

The WILLIAMSBURGH SAVINGS BANK, Brooklyn, New York, has published a cloth-bound book to celebrate "The First Hundred Years." The book is lavishly illustrated with drawings, old maps, and some full-color paintings.

(CONTINUED ON PAGE 129)

Albert A. Fulk, a founding director of the American Trust Company, South Bend, Indiana, was honored for 47 years of service to the bank. In the photograph Mr. Fulk, seated, holds a sheaf of congratulatory telegrams. Watching, left to right, are the American's president, L. L. Matthews; Vice-president and Trust Officer L. O. Titus; and Mayor George A. Schock of South Bend.



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(Please attach to, or write on, your bank letterhead.)

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HARRIS & SMITH

The National Voluntary Credit Restraint Committee*

An Adventure in American Finance

The Start of the Voluntary Credit Restraint Plan

WASHINGTON

WANTED: A system whereby the collective brains operating 15,000 banks, 400 life insurance companies, and 3,000 investment banking and security dealing firms can achieve sufficient teamwork so the billions of dollars of credit and capital resources of the United States shall be given the greatest efficiency for the war production and defense programs.

And that shall preserve flexibility, local judgment, and avoid the bottomless pit of a broad and relatively rigid governmental directive administered by officials often remote in every way.

Found (we hope): Such a mechanism in the National Voluntary Credit Restraint program.

"This is a great adventure in American finance." The words were those of C. Francis Cocke (see page 114) quoted by Oliver Powell, the member of the Federal Reserve Board who is chairman of the National Voluntary Credit Restraint Committee.

"This program is in essence nothing but enlistment of the collective horse sense of all kinds of lenders to sort out the kinds of credit which should have priority under today's conditions, and in that way to avoid governmental regulation of credit which, at best, is a clumsy affair," Gov. Powell declared.

*Standing, left to right: Claude L. Benner, president, Continental American Life Insurance Company, Wilmington; William K. Barclay, Jr., partner, Stein Bros. & Boyce, Philadelphia; George S. Moore, vice-president, The National City Bank, New York; Carlisle R. Davis, vice-president, State-Planters Bank and Trust Company, Richmond; Francis Kernan, partner, White, Weld & Company, New York; Carol M. Shanks, president, Prudential Insurance Company of America, Newark. Seated, left to right: Kenton R. Cravens, vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis; Leo M. Lambert, vice-president, Blyth & Company, Inc., New York; Oliver S. Powell (committee chairman), member, Board of Governors of the Federal

Reserve System; George L. Harrison, chairman, New York Life Insurance Company, New York. Committee members not shown in the photograph are Everett D. Reese, president and trust officer, Park National Bank, Newark, Ohio; E. B. Stevenson, Jr., executive vice-president, National Life & Accident Insurance Company, Nashville, Tennessee; Rudolf Smutny, partner, Salomon Bros. & Hutzler, New York; Harry Held, vice-president, Bowery Savings Bank, New York; Robert M. Morgan, vice-president and treasurer, The Boston Five Cents Savings Bank, Boston; M. K. M. Murphy, president, Boiling Springs Savings and Loan Association, Rutherford, New Jersey; W. H. Walker, president, First Federal Savings and Loan Association, Miami

The Roots of VCR

THERE are old roots to the present National Voluntary Credit Restraint program.

This idea was discussed last December by former Reserve Board Chairman Thomas B. McCabe at the A.B.A.'s National Credit Conference in Chicago. A little later the A.B.A.'s Consumer Credit Committee began an educational program to encourage customers to combat inflation.

In a larger sense, however, the idea had its roots in the A.B.A.'s voluntary credit restraint program of 1948, which was credited with achieving a great success.

Subsequently, in December 1950, representatives of the A.B.A., of life insurance companies, and of investment bankers met and formulated a "Statement of Principles" to serve as a general guide.

This Statement together with a plan for a national voluntary program, was approved March 9, 1951. Subsequently both the chairman of the Federal Reserve Board and the president of the A.B.A. wrote to all banks in the United States, calling their attention to the Statement of Principles, and urging their support.

On March 14 and 15 the National Voluntary Credit Committee held its first meeting, and issued its Bulletin No. 1 advising banks and others to refrain from financing excessive inventories.

A second meeting of the national committee was held April 18 and Bulletin No. 2 was issued April 23, recommending that lenders refrain from financing commercial and industrial expansion not necessary to the defense program.

Although the Defense Production Act makes provision for voluntary programs, there is no other voluntary program of any significance. This is new ground. This is pioneering. It is a chance for bankers, officials think, to show what their collective wisdom can perform.

Others are learning what the banks, life insurance companies, and investment bankers are doing.

The Chamber of Commerce of the U.S. has called attention to the voluntary program in one of its weekly bulletins to its members. Chamber officials in this capital explain the program to member chambers. Members of the Business Advisory Council of the U.S. Department of Commerce have been told all about this program, and have been urged to spread the idea individually among all the groups of business men to whom the members of the BAC belong.

Although the steps were not ready for announcement in detail at the time of writing, it was anticipated that, through the Commerce Department and the BAC, an intensive drive would be made to acquaint business men with the dual need of employing credit for defense and supporting production and conserving it from activities of an inflationary character.

This will make the job of the banks and other lenders easier. Already there has been substantial advertising on a pooled scale by banks, clearing houses, and insurance companies. There is every encourage-

A third meeting of the national committee was held May 3, following which, on May 7, the committee announced Bulletin No. 3, suggesting that underwriters screen and decline to assist in distributing state and local securities to raise money for inflationary expenditures.

Additional bulletins were in process respecting inflationary foreign financing in U. S. markets, and voluntary application of stricter mortgage terms to the financing of the purchase of existing houses.

In all these pronouncements, the National Voluntary Credit Restraint Committee has been backed by Defense Mobilization Director Charles E. Wilson.

Voluntary credit restraint is undertaken under the sanctions of the Defense Production Act (Sec. 708), and has the approval of the Attorney General and the Federal Trade Commission.

The mechanism for its operation consists of:

1) The National Voluntary Credit Restraint Committee, of which Oliver Powell, member of the Federal Reserve Board, is chairman.

2) Twelve regional committees, one in each Federal Reserve District, for commercial banks.

3) Four regional committees each for life insurance and investment banking institutions.

(See page 38 for committee membership.)

These committees consult and advise with their respective lending institutions to advise informally on whether any particular kind of loan is or is not defense or defense supporting, or is inflationary.

Final decision rests with each lender. The program is truly voluntary.

ment from the National Voluntary Credit Restraint Committee for such advertising. It not only explains why banks must often, under the conditions of the day, deny credit, but shows that the efforts of banks are backing the war production program.

NVCR members would not try to prescribe the form of advertising. It is noted, however, that there often will arise news stories locally in this program. What the national committee would like, would be for banks to use all the ingenuity they can to get across the word of what VCR means and why it is undertaken.

Already the national committee has asked the regional and district committees to get up forms upon which the individual lending institutions can submit reports to their directors, not only of the progress of the particular institution under VCR, but of details on what it means.

It is the hope of national officials that bank directors will, as it were, "walk up and down Main street selling this program to the business of their communities."

"I heartily endorse the work of the Voluntary Credit Restraint Committee," Gov. William McChesney Martin, Jr., the chairman of the Federal Reserve Board, said in a statement for BANKING.

"In the current uncertain condition in which we find ourselves, it seems to me the most appropriate way in which to draw on the management resources of our

credit system and, if wisely administered, produce cooperation from borrowers as well as lenders. It is a great opportunity as well as a great challenge," Gov. Martin declared.

A further advantage is that before long there will be announced statistics of the progress of the voluntary program and in the nature of things, this report will give the public a better idea than it has ever had of the functions performed by banks.

Some banks have been reporting to the national committee a breakdown of their loans. These show how much has been loaned to finance manufacturing, and of what commodities. The figures show how much has financed trade, public utilities, and other types of business. The figures show how much banks lend for plant and equipment, working capital, inventory, for defense and defense-supporting industries.

At present the statistics are not comprehensive enough or for a sufficient period to give any rounded and reliable picture for publication. It is the aim of the national committee, however, to collect, if possible, such figures for at least member banks in leading cities.

When these figures are ready, then, not only will the public get a better story of how banks serve their communities, but the progress of VCR can be measured currently.

The Critical Questions

A typical district or regional VCR meeting is occupied primarily with settling the questions: "Does this proposed loan contribute to the war effort?" and "Is the loan inflationary?"

Bank committees have developed a simplified loan form in which the pertinent information about the loan is placed by the bank before the VCR committee for consideration and advice. The name of the borrower is excluded.

This form is submitted in triplicate, one copy going to the originating bank, one to the national committee, and one staying with the regional committee.

If there is agreement among the members of the district committee as to the place or lack of it of the particular loan in the VCR program, then the bank is advised. The bank, of course, is free to make or refuse the loan without regard to the advice of the committee, since action must be voluntary.

Purpose of submitting the three copies is so that the district and the national committee can keep a record of the judgment of the groups. Carlisle R. Davis, vice-president, State-Planters Bank and Trust Company, Richmond, Virginia, spends about one day a week with Chairman Powell of the NVCR committee for the especial purpose of developing a system of reporting these credit decisions to all the regional and district committees.

Eventually Mr. Davis will send a regular digest of these decisions around to all the regional and district committees. In the course of time there will therefore develop something of a similarity of decisions where fundamental circumstances are alike.

It is believed by officials that eventually there can be considerable uniformity of policy throughout the nation. Seasons and businesses vary from region to region, but there runs through all a thread of similarity of economic conditions, officials feel.

The national committee is getting out, weekly, a single-page, mimeographed news bulletin which is distributed to all the regional and district committees. This bulletin briefly lists the newest information which has come to light during the week on credit, business conditions, and prices.

Since the national committee names the regional and district committees, its meetings, besides being concerned with lending problems, also involve the selection of personnel, the problems of collecting and disseminating statistics, and any other subjects that are brought before the national committee by the regional groups.

There occasionally arise cases in which requests for advice on loans or securities issue are brought before more than one regional or district committee at the same time, where a prospective borrower explores in two or three metropolitan areas about the possibility of placing a security issue or obtaining a loan. It is desired that where possible the judgment be obtained of the VCR committee in the region of the borrower.

(CONTINUED ON PAGE 128)

Curbs on Government Lending

AS a direct consequence of the VCR program, officials at the time of writing were projecting the first sweeping cutback in two decades in the hitherto expanding lending operations of both direct Government and Government-sponsored lending activities.

In general, it is understood, such credit agencies as the Federal Intermediate Credit Bank and the Production Credit Association, the Banks for Cooperatives, the RFC, and the Export-Import Bank, were to be told to follow closely such lending policies as would be consistent with the principles of the VCRP.

Furthermore, it is reported, these agencies were directed to report in detail to one central place exactly what their current lending policies were. These reports were to show how they squared with the VCR principles and how they had been changed to be consistent with VCR where they previously had been inconsistent.

Other phases of the program were understood to involve sharp cutbacks in REA's outstanding loan commitments and some cutbacks in housing finance.

Negatively, insistent demands which some agencies had been making to increase their lending under the guise of defense were specifically turned down.

In an opposite direction, however, the Administration was planning to liberalize RFC working capital loans for "small business" by permitting these loans without prior certification of the Defense Production Administration.

The New York Area, for Example

In the nation's largest private credit market, the Second Federal Reserve District, machinery for operating the Program for Voluntary Credit Restraint is working smoothly. An occasional drop of oil may be necessary, here and there, as the parts settle into their functions; but on the whole no major difficulties are being experienced.

The commercial banks, the insurance companies and the investment banking firms have set up the facilities that will help decide the appropriateness, under the program, of any loan application received. And it is possible that by the time this issue of *BANKING* is published the mutual savings banks and the savings and loan associations will also be participating in the cooperative effort to screen out loans deemed speculative or otherwise contrary to the best interests of the national economy.

The Second District Commercial Bank Voluntary Credit Restraint Committee, a regional group organized to deal with lending problems, has a rather flexible organization, designed, as Chairman George Whitney said in his explanatory letter to the banks, to aid "their efforts to observe the principles set forth in the program governing the extension of credit."

The committee distributed, several weeks ago, the brief but comprehensive form (see page 37) whereon banks can submit, for expert screening, data on loan applications they regard as marginal. (A similar form is used in all Reserve districts.)

COMMENTING on the form, the *Wall Street Journal* observed: "They (the bankers) evolved a peculiar kind of a report blank upon which banks may submit borderline loans for the committee's judgment. This makes the task of determining into what category a loan falls relatively easy. In fact, if a bank fills out one of these blanks it probably will tear it up before sending it in. The answers to the questions will automatically decide into what category an essential or non-essential loan will fall."

As the forms are received from banks by the committee secretary, G. Morgan Browne of the Federal Reserve Bank of New York, they are routed to the membership. This procedure speeds action on inquiries at committee meetings, for all members are familiar, in advance, with the details of each situation.

Individual committeemen also get informal requests, sometimes by telephone, for advice on loans from customers of their own banks. It frequently happens that if the answer is "No, John, I, personally, hardly think that one qualifies," the matter ends right there.

"Just the other day," a committee member told *BANKING*, "one of this bank's customers called me to ask about a loan. I had to turn him down. That sounds

like scaring away business—but I question whether any bank will lose a desirable account by cooperating in the program.

"It is possible, of course, that a rejected borrower will do some shopping around. His success is doubtful; the banks and the other major lenders are aware that the voluntary program must succeed, and a non-cooperator could expect to find himself in a most uncomfortable doghouse."

Bankers stress the importance of including in each term loan an agreement providing that the borrower, in view of existing inflationary pressures, will not purchase any ownership or equity during the period of the credit. This is especially essential in the case of renewal of a loan made before the voluntary effort got under way.

Inclusion of defense credit statistics in the weekly figures submitted by 187 reporting member banks—institutions that make about two-thirds of the country's loans—is viewed as a most helpful step. It is, bankers believe, an excellent means of explaining any rise in commercial loans. Heretofore, increases have caused some comment; it's always tempting to label a rise "inflationary," even though defense lending (previously unidentified) may have contributed materially to the figures.

(CONTINUED ON PAGE 114)

George Whitney, chairman of the board of J. P. Morgan & Co., Inc., is chairman of the Second District Commercial Bank Voluntary Credit Restraint Committee. (Names of the regional committeemen in the 12 Reserve districts are on page 38)



[The actual form occupies two sides of a sheet, some dotted lines for information being omitted here.—Ed.]

(Please Submit in Triplicate)

TO SECOND DISTRICT COMMERCIAL BANKING
VOLUNTARY CREDIT RESTRAINT COMMITTEE,
33 Liberty Street, New York 45, N. Y.

(Date)

GENTLEMEN:

The following information, transmitted to you in confidence, refers to an application for a loan which we have received. In your opinion, would the approval of this loan be contrary to the principles of the Voluntary Credit Restraint Program?

Very truly yours,

By.....
(Title)

INFORMATION REGARDING BORROWER

(Do not give name)

Industry
Nature of business: (Check) Retail..... Wholesale..... Manufacturer..... Service..... Other.....
Importance of this borrower and of industry to the Defense Program:

INFORMATION REGARDING LOAN REQUESTED

Amount of loan \$..... Maturity.....

Purpose of loan: (Check and amplify if necessary)

To increase inventory..... To retire debt.....

For normal working capital requirements..... To retire net worth.....

To purchase fixed assets..... Other (Explain)

Plan of loan repayment:

Source of funds for loan repayment: (Be as specific as possible)

The borrower states that the postponement of borrowing for the foregoing purpose would have the following result:

The Defense Program in our opinion would be affected as follows if the loan is not made:

Other pertinent comments:

(The spaces below for Committee use only)

The loan does not appear to violate the principles of the Voluntary Credit Restraint Program..... ☐

The loan appears to violate the principles of the Voluntary Credit Restraint Program..... ☐

Additional committee comments:

(Date)

SECOND DISTRICT COMMERCIAL BANKING
VOLUNTARY CREDIT RESTRAINT COMMITTEE

By.....
Secretary

Regional

Voluntary Credit Restraint Committees

First District Commercial Banking Voluntary Credit Restraint Committee

Charles E. Spencer, Jr., *Chairman*,
Chairman of the Board, The First National Bank of Boston, Boston, Massachusetts.
John E. Toulmin, *Vice Chairman*,
Senior Vice President, The First National Bank of Boston, Boston, Massachusetts.
Roy A. Young,
President, The Merchants National Bank of Boston, Boston, Massachusetts.
Walter S. Bucklin,
President, The National Shawmut Bank of Boston, Boston, Massachusetts.
Lester E. Shippee,
Executive Vice President, The Hartford-Connecticut Trust Company, Hartford, Connecticut.
Chester G. Abbott,
President, First Portland National Bank, Portland, Maine.
W. F. Farrell,
President, The Providence Union National Bank and Trust Company, Providence, Rhode Island.
Carl B. Pitman,
Vice President, Federal Reserve Bank of Boston, Boston, Massachusetts.

Second District Commercial Banking Voluntary Credit Restraint Committee

George Whitney, *Chairman*,
Chairman of the Board, J. P. Morgan & Co., Inc., New York, New York.
Charles H. Diefendorf,
President, Marine Trust Company, Buffalo, New York.
George Champion,
Senior Vice President, The Chase National Bank of the City of New York, New York, New York.
R. E. McNeill, Jr.,
President, Central Hanover Bank and Trust Company, New York, New York.
David C. Barry,
Senior Vice President, Lincoln-Rochester Trust Company, Rochester, New York.
Horace K. Corbin,
President, Fidelity Union Trust Company, Newark, New Jersey.
Arthur Phelan,
Vice President, Federal Reserve Bank of New York, New York, New York.

Third District Commercial Banking Voluntary Credit Restraint Committee

Frederic A. Potts, *Chairman*,
President, The Philadelphia National Bank, Philadelphia, Pennsylvania.
Carl H. Chaffee,
Vice President, The First National Bank of Philadelphia, Philadelphia, Pennsylvania.
George P. Edmonds,
President, Wilmington Trust Company, Wilmington, Delaware.
Frank W. Sutton, Jr.,
President, The First National Bank of Tom's River, Tom's River, New Jersey.
J. Wilson Steinmetz,
President, Ninth Bank and Trust Company, Philadelphia, Pennsylvania.

Frank Stemple,
Executive Vice President, The First National Bank of Scranton, Scranton, Pennsylvania.
W. J. Davis,
First Vice President, Federal Reserve Bank of Philadelphia, Philadelphia, Pennsylvania.

Fourth District Commercial Banking Voluntary Credit Restraint Committee

John K. Thompson, *Chairman*,
President, Union Bank of Commerce, Cleveland, Ohio.
W. A. Mitchell,
President, Central Trust Company, Cincinnati, Ohio.
Francis H. Beam,
Senior Vice President, The National City Bank of Cleveland, Cleveland, Ohio.
Jonathan S. Raymond,
Vice President, Mellon National Bank and Trust Company, Pittsburgh, Pennsylvania.
Robert C. Downie,
President, Peoples First National Bank and Trust Company, Pittsburgh, Pennsylvania.
E. S. Patterson,
President, The First National Bank of Akron, Akron, Ohio.
William H. Fletcher,
First Vice President, Federal Reserve Bank of Cleveland, Cleveland, Ohio.

Fifth District Commercial Banking Voluntary Credit Restraint Committee

Archie K. Davis, *Chairman*,
Senior Vice President, Wachovia Bank & Trust Company, Winston-Salem, North Carolina.
Eugene L. Miles,
President, Baltimore National Bank, Baltimore, Maryland.
Hulbert T. Bisselle,
Senior Vice President, The Riggs National Bank of Washington, D. C., Washington, D. C.
J. Phillips Coleman,
Vice President, First and Merchants National Bank of Richmond, Richmond, Virginia.
Thos. C. Boushall,
Chairman and President, Bank of Virginia, Richmond, Virginia.
Ernest Patton,
Chairman of the Board, The Peoples National Bank of Greenville, Greenville, South Carolina.
N. L. Armistead,
Vice President, Federal Reserve Bank of Richmond, Richmond, Virginia.

Sixth District Commercial Banking Voluntary Credit Restraint Committee

John A. Sibley, *Chairman*,
Chairman of the Board, Trust Company of Georgia, Atlanta, Georgia.
James G. Hall,
Executive Vice President, The First National Bank of Birmingham, Birmingham, Alabama.
J. Finley McRae,
President, The Merchants National Bank of Mobile, Mobile, Alabama.
V. H. Northcutt,
President, The First National Bank of Tampa, Tampa, Florida.

Herman Jones, Jr.,
Executive Vice President, The First National Bank of
Atlanta, Atlanta, Georgia.
Dale Graham,
President, The National Bank of Commerce in New
Orleans, New Orleans, Louisiana.
V. K. Bowman,
Vice President, Federal Reserve Bank of Atlanta, Atlanta,
Georgia.

**Seventh District Commercial Banking Voluntary Credit
Restraint Committee**

Homer J. Livingston, *Chairman*,
President, The First National Bank of Chicago, Chicago,
Illinois.
Carl A. Birdsall,
President, The Continental Illinois National Bank and
Trust Company of Chicago, Chicago, Illinois.
Mark A. Brown,
President, Harris Trust and Savings Bank, Chicago,
Illinois.
George L. Luthy,
President, Commercial National Bank of Peoria, Peoria,
Illinois.
Donald F. Valley,
General Vice President, National Bank of Detroit, Detroit,
Michigan.
William Taylor,
President, First Wisconsin National Bank of Milwaukee,
Milwaukee, Wisconsin.
A. L. Olson,
Vice President, Federal Reserve Bank of Chicago,
Illinois.

**Eighth District Commercial Banking Voluntary Credit
Restraint Committee**

Sidney Maestre, *Chairman*,
President, Mississippi Valley Trust Company, St. Louis,
Missouri.
James H. Penick,
President, Worthen Bank & Trust Company, Little Rock,
Arkansas.
Earl R. Muir,
President, Louisville Trust Company, Louisville, Ken-
tucky.
Harold T. Jolley,
President, The Boatmen's National Bank of St. Louis,
St. Louis, Missouri.
William A. McDonnell,
President, First National Bank in St. Louis, St. Louis,
Missouri.
V. J. Alexander,
President, Union Planters National Bank & Trust Com-
pany of Memphis, Memphis, Tennessee.
Olin M. Attebery,
First Vice President, Federal Reserve Bank of St. Louis,
St. Louis, Missouri.

**Ninth District Commercial Banking Voluntary Credit
Restraint Committee**

Arthur H. Quay, *Chairman*,
President, First National Bank of Minneapolis, Minne-
apolis, Minnesota.
Willis Wyard,
President, First and American National Bank of Duluth,
Duluth, Minnesota.
Joseph F. Ringland,
President, Northwestern National Bank of Minneapolis,
Minneapolis, Minnesota.
Rollin O. Bishop,
President, The American National Bank of Saint Paul,
St. Paul, Minnesota.
Julian Baird,
President, The First National Bank of St. Paul, St. Paul,
Minnesota.
B. M. Harris,
President, The Yellowstone Bank, Columbus, Montana.

Maurice H. Strothman, Jr.,
Vice President, Federal Reserve Bank of Minneapolis,
Minneapolis, Minnesota.

**Tenth District Commercial Banking Voluntary Credit
Restraint Committee**

D. T. Beals, *Chairman*,
President, The Inter-State National Bank of Kansas City,
Kansas City, Missouri.
John Evans,
President, The First National Bank of Denver, Denver,
Colorado.
James M. Kemper,
Chairman of the Board, Commerce Trust Company, Kan-
sas City, Missouri.
Taylor Abnerthy,
President, The First National Bank of Kansas City, Kan-
sas City, Missouri.
Arthur L. Coad,
President, Packers National Bank in Omaha, Omaha,
Nebraska.
Hugh L. Harrell,
Vice President, The First National Bank and Trust Com-
pany of Oklahoma City, Oklahoma City, Oklahoma.
Henry O. Koppang,
First Vice President, Federal Reserve Bank of Kansas
City, Kansas City, Missouri.

**Eleventh District Commercial Banking Voluntary Credit
Restraint Committee**

Milton F. Brown, *Chairman*,
President, Mercantile National Bank at Dallas, Dallas,
Texas.
Ben H. Wooten,
President, First National Bank in Dallas, Dallas, Texas.
W. M. Massie,
Vice President, The Fort Worth National Bank, Fort
Worth, Texas.
L. Randolph Bryan, Jr.,
President, The Second National Bank of Houston, Hous-
ton, Texas.
Harris McAshan,
President, The South Texas National Bank of Houston,
Houston, Texas.
Fred F. Florence,
President, Republic National Bank of Dallas, Dallas,
Texas.
W. D. Gentry,
First Vice President, Federal Reserve Bank of Dallas,
Dallas, Texas.

**Twelfth District Commercial Banking Voluntary Credit
Restraint Committee**

E. C. Sammons, *Chairman*,
President, The United States National Bank of Portland,
Portland, Oregon.
I. Warren Hellman,
President, Wells Fargo Bank & Union Trust Company,
San Francisco, California.
Chester A. Rude,
Chairman, Executive Committee, Security-First National
Bank of Los Angeles, Los Angeles, California.
James Lochead,
President, American Trust Company, San Francisco, Cali-
fornia.
F. A. Ferroggiaro,
Senior Vice Chairman of the Board, Bank of America
National Trust and Savings Association, San Fran-
cisco, California.
Thomas F. Glead,
President, Seattle-First National Bank, Seattle, Wash-
ington.
E. R. Millard,
Vice President, Federal Reserve Bank of San Francisco,
San Francisco, California.

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The Army Finance School

COL. JOHN C. LACKAS, F.C.



The cashier conducting a transaction in the model office

The author is deputy commandant of the Army Finance School, Army Finance Center, St. Louis.

IN an organization the size of the Army there are samples of all the various activities carried on in the entire social structure. Com-

munications, law, purchasing, transportation, and many other civilian activities have their Army counterpart. The counterpart of banking, of course, is the Army Finance Corps.

That the functions performed by the Finance Corps are comparable to those performed by bank personnel is shown by the considerable number of men engaged in banking who have demonstrated their ready adaptability, in a national emergency, to operations in the Finance Corps, where they are looked upon as a valuable reserve of trained personnel.

One of the most important functions performed by the Finance Corps is the payment of troops, which is important not only financially but also in the maintenance of morale. A characteristic of all modern armies, whether in an autocracy or a democracy, is that their personnel have to be paid. Troops in some countries have mutinied because their pay was withheld over a period of time.

The armies of early Rome differed in this respect from modern armies, for in the legions of the early republic, either because of the scarcity of money or because the service was only during the summertime, not only were the officers and men not given pay but they had to furnish their own weapons. However, in the time of the later republic and throughout the entire period of the empire, when standing armies had to be maintained, regular pay was given and expected. One emperor, upon bequeathing the empire to his son, gave him the following counsel: "Pay the troops and fear nothing."

Because of the simplicity of the military organization in antiquity, a simple system of pay sufficed. However, in our complex modern civilization, with its extensive and intricate

(CONTINUED ON PAGE 130)



In the school's model office, showing the headquarters section and the local banking facility

A typing class for basic students



Predicting Success in Routine Bank Work

The Right Test Seems to Pick the Right Employee

EDWARD N. HAY

The author is director of Aptitude Test Service, Swarthmore, Pennsylvania.

Do Tests Pick The Best Clerks?

THE only purpose of employment tests is to select the best clerks and exclude the poorer ones. Let us assume that we are trying to select clerks for routine work. So far as job performance is concerned, the best clerk is one who gets out the most work of acceptable accuracy. However, after an employee has been with the bank for a while, he becomes eligible for advancement to more complex work. A better indicator for ability to do complex work is a mental ability test. Consequently we have two requirements for which we must test: first, the ability to produce a large quantity of accurate work in routine positions; and, second, the ability to do complex work, including supervision. These two requirements should be tested separately.

A test can be likened to a small sample of the work. Thus, in less than an hour it is possible to give the employee a tryout, which otherwise would take from one to three months. Of course, such a short tryout cannot be as accurate as one of several months' duration, but experience shows that if the right tests are used the company saves a good deal of money by excluding persons who would never make top-grade clerks. Some tests now in use combine intelligence and clerical aptitude in one test. The effect of this is that the intelligence test conceals the clerical aptitude measure and, therefore, what you have left is an intelligence test. This unfortunately excludes many applicants who would be good routine clerks, even though not suitable for more complex work. This is an especially serious matter in a tight labor market.

"Validate" Your Tests

Before you hire or exclude applicants on the basis of test scores you must be pretty sure that the tests are going to *help* your selection and not make it *worse*. This is known as "validation." Briefly, if the tests are valid, the better clerks will make higher scores and the poorer ones will make lower scores. There are two ways to find out whether your tests will do this. The quickest one is to administer tests to present employees and then find some way of distinguishing the

better employees from the poorer ones. This is best done if you have a production record, but in the absence of such information you can sometimes validate against supervisory ratings. This is very tricky business and the whole problem of validation is one on which you need expert guidance. Validation becomes especially important when you consider the cost of testing and also the public relations effect on the applicant. This puts you in the position of having to do two things which oppose one another:

(1) You must use tests with maximum predictive-ness, or validity—that is, tests which more often than not will pick out the good clerks and reject the poorer ones. Some tests will do this better than others.

(2) Your test battery must require minimum time. This is to keep down the cost of testing, and also to minimize the bad public relations effect of taking too much of the applicant's time, particularly in the present market.

The Experience of an Eastern Bank

In The Pennsylvania Company for Banking and Trusts, Philadelphia, tests have been used since 1934, and the present battery of tests has been used since 1939. Several of them were developed and validated right in the company over the years. In one study 120 clerks, typists, and stenographers from various departments were chosen and rated by their superiors. These ratings were made by more than one person who knew the clerks, and the ratings were averaged. These ratings ran from about 15 to 95 points on a scale of 0 to 100. I have known lots of these clerks, some of them for many years, and I can substantiate the ratings on many of them, some of whom worked under my direction. Consequently, I have both direct and indirect proof that the ratings were accurate.

These 120 clerks, after being carefully rated, were brought into the personnel office for retesting on the general clerical test of The Psychological Corporation, which was then new. The present GCT is exactly the same except that a few items from several of the tests were eliminated and replaced with better items. However, the effect on the total scores is of no great consequence.

In rating these clerks, they were compared on both

(CONTINUED ON PAGE 103)

A Yardstick for Bank Costs

JAMES W. DODD, JR.

The author is assistant cashier of the Federal Reserve Bank of Richmond.

THE automobile salesman's glowing description of the new model's gleaming chromium, automatic drive and luxurious fittings had failed to spark the prospect's enthusiasm. Finally, his face wreathed in a smile, he said:

"Why, Madam, we will even put your initials on the door free!"

To which she graciously replied, "My husband always says, 'It's not the initial cost; it's the upkeep!'"

That is just as true of banking as of the automotive or any other business field. It's not alone the cost of obtaining deposits; it's the cost of servicing them as well.

Modern business has long accepted the merits of cost analysis. It could not operate profitably under the highly competitive conditions of today without a thorough knowledge of its "costs." Yet, in the banking field, few have recognized the large contribution that bank cost information can make to the solution of problems arising from inefficient operations, sustained and substantial rises in operating costs, and the leveling out of earnings.

There is sage advice in Mark Twain's admonition, "Get your facts first, then distort them as you please." Sound management decisions in banking as in other fields cannot be reached without a knowledge of costs and earnings, for these are the "facts" upon which such decisions are predicated.

Shrinking profit margins in many banks, particularly the smaller ones, have focused attention on the great need for control of costs and for greater efficiency. In some banks, gross revenues have been leveling off or even declining as the result of the reaching of prudent maximum loan volumes, deposit contraction, and regulatory and voluntary credit restraints. In all banks, as in practically every line, operational costs have steadily mounted and become embedded, and the prospect is for continued upward pressure on prices and costs. Meanwhile, inflation control efforts have been directed primarily to the credit field and to the curtailment of bank loans in particular.

Thus banking is caught in the "squeeze" to a far greater degree than most other business or industry.

Steadily expanding profits tend to breed complacency and relaxation of standards. When major expenses are rapidly rising, it is rather easy to overlook lesser wastes and extravagance, which push costs still higher. Closer scrutiny of expenses alone can probably effect substantial economies, but the less obvious inefficiencies and weaknesses must be uncovered by analysis before they can be intelligently attacked.

The sheer magnitude of spiraling costs in recent years demands analysis, irrespective of profit trends. In the five-year period 1945-50, according to the Federal Deposit Insurance Corporation, current operating expenses of all insured commercial banks shot up from \$1,523-million to \$2,445-million—a 60 percent increase. Salaries jumped 74 percent, interest on deposits 47 percent and all other expenses 50 percent. Significantly, expenses were 7 percent greater in 1950 than in 1949, but only 5.5 percent higher in 1949 than in 1948. *In spite of the larger base on which calculated, the rate of increase was up.*

With continuing inflationary pressures, increasing turnover of personnel, and greater stringency in the labor market, made more acute by the Korean struggle and concomitant defense requirements, it seems scarcely likely that costs of doing business can even be held in reasonable check, except by intelligent and consistent efforts of management. With higher earnings through loan expansion inhibited by regulation and otherwise, management must look to a proper pricing of bank services, effective control of costs, and stepped-up efficiency to preserve an adequate spread between earnings and expenses.

As early as 1948, the Bank Management and Research Committee of the Virginia Bankers Association became convinced that it should take the lead in bringing home to the banks of the state a realization of the importance of cost information as a means of coping with the perplexing problems facing them and in prospect. Then, probably, the members of the committee did not contemplate a Regulation X or Voluntary Credit Restraint committees across the country, but they did anticipate that earnings might level off, and they knew that expenses cannot be reduced with the ease with which they rise.

The committeemen knew, too, that effective control of expenses necessitates, first of all, knowledge of what the costs are and which are excessive. They were well aware also of the all-too-common tendency and fallacy of bankers to measure success solely in terms of "net profits," without distinguishing between profitable and unprofitable functions and services. For these reasons, they decided to undertake a year's "pilot study" of a representative group of Virginia banks. The program was initiated in 1949, with the coopera-

(CONTINUED FROM PAGE 118)

GRAND TOTAL—ALL PARTICIPATING BANKS (On opposite page)

In the aggregate, the operating efficiency of participating banks is 100 percent, i.e., the total number of work minutes produced must equal the total number of minutes actually worked by officers and employees of the banks. The handling times (Column H) are weighted for nonremunerative and readiness-to-serve time, adjusted on the basis of time reports of the banks. These time factors applied to item and transaction counts of individual banks determine their "efficiency rating" in terms of the average. Per-minute officer and employee costs applied to item costs establish total costs of these activities and, when grouped, supply departmental costs. Column G represents average handling time as worked out in a national survey by the Country Bank Operations Commission, while Column H contains the Virginia figures

TOTAL NUMBER OF ITEMS AND TRANSACTIONS FOR PERIOD	For Period F	Min. Per Item G	Your Time Figs. H	Number of Work Min. Produced I
37. No. Accounts—Individual Ledger	252,872	120	100	25,287,200
38. No. Deposit Tickets	5,026,872	4	3	15,080,616
39. No. Checks "On Us"	26,872,995	2	1.5	40,309,492
40. Sub Total				
41. No. Local Clearing Items (Out)	12,626,806	1	1	12,626,806
42. No. Remittance Items (Out)	22,449,960	1.5	1	22,449,960
43. No. Bank Drafts Issued	70,009	5	4	280,036
44. No. Cashier's Checks and "On Us" Money Orders Issued	178,490	6	5	892,450
45. No. Times Making Change or Payrolls	456,543	8	6	2,739,258
46. No. Collections	129,685	30	25	3,242,125
47. Sub Total				
48. No. Time Certificates of Deposit	559	10	9	5,031
49. No. Savings Accounts	177,112	20	15	2,656,680
50. No. Savings Account Ledger Entries	760,522	7	5	3,802,610
51. No. Christmas Club Accounts	79,556	10	8	636,448
52. No. Christmas Club Deposits or Payments	1,519,025	.5	.5	759,513
53. No. Bond Redemptions (Savings and/or Terminal Leave)	497,504	7	5	2,487,520
54. No. Safe Deposit Boxes Rented	38,435	30	25	960,875
56. Auction Sales (No. of Hours Spent by Employees)		60		
58. Insurance Dept. (No. of Hours Spent by Employees)		60		
60. Trust Dept. (No. of Hours Spent by Employees)	111,005:37	60	60	6,660,337
62. Other Dept. (If Any) (No. of Hours Spent by Employees)		60		
64. Other Dept. (If Any) (No. of Hours Spent by Employees)		60		
65. Total Employee Work Minutes Produced				140,876,957
66. Notes (No. Unsecured)	230,277	25	20	4,605,540
67. Notes (No. CCC—Corn, Wheat, etc.)	1,058	35	35	37,030
68. Notes (No. with Statements)	49,311	45	50	2,465,550
69. Notes (No. Secured by Mortgages)	65,130	115	125	8,141,250
70. Notes (No. Instalment)	104,265	135	84	8,758,260
71. Total No. of Loans (Add 66 through 70)				
72. Bonds, U. S. (No. of Issues)	853	100	150	127,950
73. Bonds, Other (No. of Issues)	1,541	300	250	385,250
74. Warrants (No. of Warrants)		10		
55. Auction Sales (No. of Hours Spent by Officers)		60		
57. Insurance Dept. (No. of Hours Spent by Officers)		60		
59. Trust Dept. (No. of Hours Spent by Officers)	67,630:03	60	60	4,057,803
61. Other Dept. (If Any) (No. of Hours Spent by Officers)		60		
63. Other Dept. (If Any) (No. of Hours Spent by Officers)		60		
75. Total Officer Work Minutes Produced				28,578,633
76. Grand Total Employee-Officer Work Minutes Produced				169,455,590

91. Total Number of Minutes Worked by Entire Staff During Period (Form 2)	169,455,588	No. Min.
92. Grand Total Officer-Employee Work Minutes Produced (Above, Col. I, Line 76)	169,455,590	No. Min.
93. Your Operating Efficiency Rating (Per Cent of Yardstick) ($92 \div 91 = 93$)	100	%

METHODS *and* IDEAS

*Staff Telephone Manners . . . Address Changes . . . A Consumer Loan Service . . .
Policing Corporation Accounts . . . Instalment Due Dates . . . Crowd-Catchers . . .
Promoting Goodwill . . . Public and Staff Relations*

This department is edited by JOHN L. COOLEY of BANKING's staff.

Staff Course on Use of the Telephone

THE First National Bank of Boston has a program of staff instruction in the proper use of the telephone, both mechanically and from the public relations angle. Assistant Vice-president Ephron Catlin, Jr., at BANKING's request, provided the following outline of the course.

A full-time instructor, formerly a chief operator, is assigned to the work under the general supervision of a personnel officer. She works directly with officers and department heads in scheduling groups to receive the instruction. The initiative rests mainly with her, but not infrequently people whose telephone technique is faulty will be referred to her by their supervisors or others.

The elementary classes consist of eight persons and last an hour and a half. The advanced classes, for people who use telephones frequently, consist of six persons and last two and a half hours.

All new employees and those who rarely use the phone receive the elementary training, consisting of instructions on proper use of the telephone and the importance of a correct tone of voice. The mechanics of the switchboard are briefly outlined; the instructor explains exactly what happens between the time a call is placed and its completion.

An actual telephone conversation by each member of the class is recorded and then played back so that the person may hear his own telephone speech; when necessary, corrections or improvements are suggested.

In the advance class the instruc-



With the aid of a drill chart, a telephone class at The First National Bank of Boston gets a lesson in vowel enunciation

tion is more detailed. Switchboard mechanics are explained thoroughly so that telephone users may understand just what happens to their calls, and thus be able to cooperate more effectively with the operators. Two recordings of each voice are made in this class for practice and for a demonstration of improvement after the instructions and suggestions are put into effect.

Teaching Aids. Materials supplied to the classes, and used either in the instruction or for outside study, include:

1. A list of phrases useful in saving time and avoiding misunderstandings. (See panel, page 45.)
 2. A display sheet of the phonetic alphabet for enunciation drill.
 3. Telephone company booklets on telephone habits, teamwork, voice development and customer relations.
- Selection and Scheduling of Staff*

Members. New employees are scheduled for the telephone class within their first two or three months at the bank. A list is made of the people attending the class, and the training is noted on the individual's "central ability card" as a personnel department record.

A short time after the instruction a test call is made on persons in the advanced group to determine whether they answer the phone in accordance with the information given in the class. The result is noted on a record card. Occasionally the instructor observes at the telephone user's desk, and arranges a review training period, if necessary. Also, people requiring further training because of voice imperfection, faulty enunciation, or lack of vocal expression, may get special instruction in a series of private appointments.

There are special classes for receptionists, telephone turret operators, stenographers who are to be trained for secretarial positions, and the telephone operators in the bank. Similar arrangements are made for other groups from time to time—for example, unit supervisors from the bookkeeping department whose work involves constant telephone contact with customers.

Suggestions on Telephone Practice. When specific problems are mentioned or constructive suggestions made by the class members, the department manager is consulted. It frequently happens that difficulties arise as a result of insufficient coverage of telephones during the lunch period; or there may be questions about the suitability of the answering phrases, suggestions for a change in location of the telephone equipment; and frequently it is discovered that the operators, in transferring calls, sort incorrectly. Arrangements are made, if possible, with the heads of the departments to improve these conditions.

Statement Address Changes

A SIMPLE method of changing addresses on customer's statements is offered to BANKING's readers by Comptroller M. A. Kuhn of the CHITTENDEN COUNTY TRUST COMPANY, Burlington, Vermont.

The job of noting these changes is usually "messy and time-consuming," Mr. Kuhn observes. The bookkeeper must be notified of the necessary alteration and she must scrub out the old address and type in the new one. Usually this means a trip from her machine to a typewriter—

a procedure that can cause confusion and mix-ups.

"To make the job simple, neat and efficient," continues this banker, "it is necessary only for the head bookkeeper to type the full new address on a gummed sheet of proper width and give it to the bookkeeper. The latter finds the account to be changed, cuts the name from the gummed slip, and sticks it over the stub portion to show that a change has been made. The address part is glued in place over the old address and the alteration is completed in a fraction of the time it would take to erase the old address and type in the new."

Telephone Manners

HERE are a few phrases which The First National Bank of Boston suggests to its staff for use as a guide in use of the telephone:

Bookkeeping Department, for Example

(Repeat name of inquirer.) "What was the amount and date of your last deposit, please?" "Have you the balance rendered on your previous month's statement?"

"Mr. Blank, your balance is —."

"Mr. Blank, it will take a few minutes to look up that information. May I call you back?" "What is your number, please? . . . Liberty 2-4021 —thank you." Or "I will call you."

"Are you calling from outside the bank?"

"I will transfer you to Mr. Blank." or "I will transfer you to the Blank Department. One moment, please."

"Miss Blank is busy working on an account. May I take a message?"

Other Phrases

"Blank Department, Miss Blank."

"Mr. Blank is away from his desk. May I help you?" or "May I take a message?" or "Shall I ask him to call you?"

"Mr. Blank is out to lunch. May I help you?" or "Will you talk with Mr. Dash?"

"It will take a few minutes to find Mr. Blank. May I help you?" or "May I ask him to call you?" or "Do you wish to leave a message?"

"Mr. Blank is busy talking on another telephone. Do you wish to hold the line?" or "May I ask him to call you as soon as he is free?"

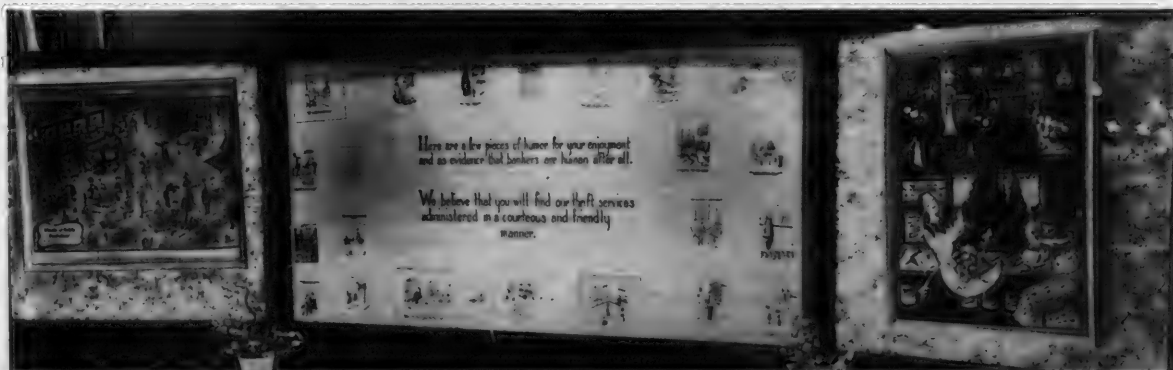
A Bank's 'Round-the-Corner' Loan Collection Service

THE First National Bank of Philadelphia has a consumer loan collection service that's convenient for the borrowers, gives dealers a selling point, and facilitates handling the payments at the bank.

Customers who live at considerable distances from the First's three central offices can send their payments by American Express money order or Western Union. The former has more than 700 bonded agents in a 20-mile radius who will write out an order payable to the bank, receipt the payment book

(CONTINUED ON PAGE 122)

The Institutions for Savings in Roxbury, Boston, thought the public would like a window display featuring cartoons—and here it is. The pictures were mounted on white cardboard and photostated to double size. The large one at the left is Dick Ericson's "Pitfalls of Public Freeloader," from the June 1949 issue of BANKING.



Banks Still in Gear For Defense

Cartoon by DICK ERICSON



IN CONNECTION with the safeguarding and investing of \$174-billion owned by 100,000,000 depositors, the banking system provides the indispensable facilities used in the economy's basic financial functions. A summary of banking figures reveals the system's major operations, some of which are:

(1) Meeting cash requirements of the nation, a service that involves the handling of at least \$100-billion in currency and coin in a 12-month period.

(2) Completing the transfer of funds and credits through checks and other instruments, an operation that transferred more than \$1.4-trillion dollars in a year.

(3) Extending credit and servicing loans to millions of individuals and organizations. The total of such loans outstanding December 31, 1950, was approximately \$61-billion, an amount which included \$22-billion in commercial and industrial loans, \$4-billion in loans to farmers, \$10-billion in loans to individuals, \$17-billion in loans to finance residential properties, \$3-billion in loans to finance other properties, and \$3-billion in loans for the purpose of carrying securities.

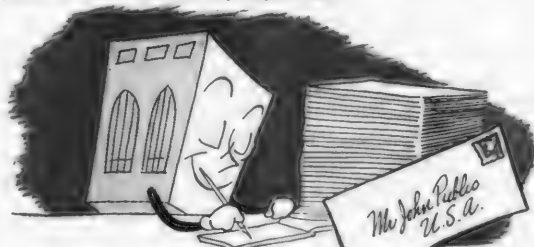
(4) Safekeeping and servicing Federal, state, municipal, public utility, corporate, and other bonds and securities. At the end of 1950 the banks owned more than \$88-billion in such securities and protected or serviced many additional billions for their customers.

These basic operations require a high degree of training, skill, experience, and judgment on the part of the majority of the 410,000 people who staff the nation's 15,000 banks.



BOND SALES

Of the many billions of dollars in War or U. S. Savings Bonds issued, about 80 percent were sold or distributed by bank employees. In Series E bonds alone, more than 900 million pieces were handled by the banks. At the peak of the bond drives, 25,000 bank officers, tellers, and clerks were devoting the major portion of their working time to the sale and delivery of bonds to the public—and without monetary compensation from the Treasury Department.



BOND REDEMPTIONS

In the past nine years the banks, as a service to the Treasury Department, have redeemed 700,000,000 E bonds totaling \$29-billion. Continued refinancing operations, added to the expansion of effort to sell new issues for current financing, will undoubtedly require the full-time and part-time services of thousands of bank staff members.



TAX COLLECTIONS

The war years brought about the withholding method of collecting income taxes at the source. Revenue Act provisions specified that taxes withheld by employers were to be accumulated in commercial banks qualified to serve as special depositories for these Government funds. In the past year more than \$9-billion in such taxes have been withheld by employers, and 90 percent of this amount has cleared through the banks designated as collecting agents for the Internal Revenue Department.

During the last war, banks performed all sorts of services for the nation's wartime economy. This vast machinery is still in good working order



INDUSTRIAL PRODUCTION

Contractors and subcontractors in the expanding defense industries will have to be financed to a major degree by the banks working independently or in cooperation with the Department of Defense. During the years 1941-45 the total war production loans and commitments made by the banks exceeded \$20-billion.



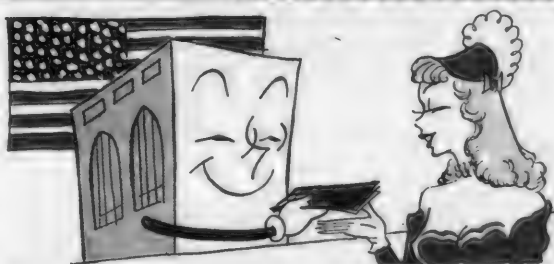
AGRICULTURAL ASSISTANCE

Increasing food and fiber production to meet defense quotas that will be set by the Department of Agriculture will be an activity requiring expanded service by thousands of country banks. In World War II these banks organized and participated in many hundreds of town, county, and state meetings for the purpose of discussing with farmers the gigantic task confronting them and arranging agricultural credit assistance.



CREDIT CONTROLS

The imminent increase in number and scope of credit controls will depend on vital banking functions for effectuation of Government regulations—action designed to apply brakes on inflationary forces and to assist the Defense Production Administration in its efforts to divert scarce materials from consumer markets into defense production channels.



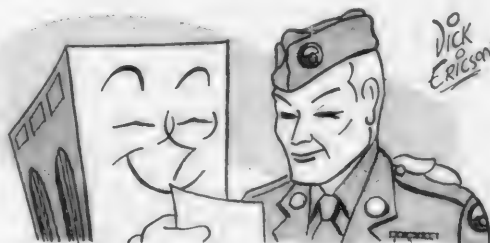
PRICE CONTROLS

As the defense program expands and consumer goods become scarcer, further brakes on inflation will undoubtedly be necessary. Among them will be some form of price control and its companion—rationing. Again, the banking system will be expected to provide the controls and facilities needed to handle vast quantities of ration coupon transactions.



FOREIGN FUNDS

In World War II a large number of bank officers and personnel with special training cooperated closely with Government officials in preventing leakage of American assets into enemy hands. The Treasury Department was particularly emphatic in its expression of appreciation for the assistance it received in locating and freezing more than \$7-billion in potential enemy purchasing power.



MILITARY PERSONNEL SERVICES

As military centers enlarge their operations, payroll, deposit, transfer, and other financial facilities will have to be made more directly available to paymasters, supply units, and military personnel. During the war years, 300 special banking service offices provided such services right in the military posts. In addition, banks throughout the country made arrangements with servicemen and the government for the handling of allotment checks and distribution of the proceeds to dependents. Further personal service was rendered to members of the armed forces in thousands of cases by trust institutions through responsible supervision and operation of business affairs and properties of men absent from home in the service of their country.



Members of the new Wage Stabilization Board are sworn in by Justice Black of the Supreme Court. Sixteen of the 18 members were present when this ceremony took place. Dr. George W. Taylor, chairman, stands next to Justice Black

Financial Matters in Forefront

LAWRENCE STAFFORD

ABSENCE of a sense of leadership and a sense of direction in Washington is the overriding influence behind the general drift of governmental policy, and its basic explanation.

This is, even if not spelled out publicly in just so many words, the diagnosis of most seasoned observers, whether strong partisans or opponents of the Administration and its foreign policy. It explains why so much that is important in the way of legislation and administration has drifted, shifted, and resulted in no accomplishment.

Only in a comparatively small, although vitally significant, segment of activity has a sense of direction and vitality emerged. This is represented by the almost spontaneous rising of the financial world to provide a positive means for mobilizing credit and promoting its maximum, efficient utilization through the Voluntary Credit Restraint Program, which is set forth in more detail elsewhere in this issue of *BANKING* (see pages 33-39).

Interest Withholding

Early in May the House Ways and Means Committee adopted tentatively an amendment to the pending tax bill which threatens to add a considerable burden to the chores financial institutions already perform for the Government.

This amendment would require a bank, along with any corporation, to withhold and pay to the Treasury 20 percent of any interest it pays to a depositor. The amendment also would require the withholding and transfer to the Treasury of one-fifth of any corporation dividend.

There are no dollar exemptions in the amendment. If a bank paid interest amounting to only a few cents on a small, inactive account, or paid a substantial amount in interest, it would be required in either case that 20 percent be withheld and transferred to the Treasury.

There are several reasons for opposing such a measure. The average balance of the 65-million people who have savings bank and commercial bank interest-bearing de-

posits is \$900, so that interest paid, on the average, is small.

Furthermore, the large majority of savings depositors have small incomes. Many are over 65 or under 21, and a great many are school children. Many are not liable for a tax payment, and under the amendment the Government would withhold from these people a tax not due. The cost of processing so great a number of demands for refund would be enormous, to say nothing of the burden on the banks of reporting such withholdings to thousands of depositors.

Previous Experience

Last year the House adopted a 10 percent dividend withholding provision, but this failed of approval in the Senate. Last year's plan, however, excluded interest payments from the withholding.

Congress is expected to be so anxious to turn up similar devices, which give the appearance of providing additional Treasury revenue, that this particular amendment may prevail in the Senate this year un-

less it is very effectively opposed.

One phase of this amendment is that it would also withhold 20 percent of the dividends paid by cooperatives, including farmers' cooperative associations, and building and loan associations.

Assessment Credit Due

On the average, all insured banks will have little if anything to pay next month for the second instalment for deposit insurance. Under last year's FDIC assessment credit law, banks as a whole will receive a credit of 56 percent of their 1950 assessments, to offset against the July instalment.

Each bank's exact percentage of credit, however, will vary according to its circumstances, including changes in the levels of deposits this year as compared with 1950. Hence the FDIC, by the middle of June, probably will have notified all insured banks of the exact amounts of their assessment credits for July. If there is any credit in excess of the assessment due, it will be offset against the January assessment.

FDIC to Retain Independence

Despite hearings on legislation to place the FDIC under the Treasury Department, this legislation is expected to make very little progress. Hence the FDIC probably will retain its present status as an independent agency.

The bill to merge this agency with the Treasury was one of 20 bills representing supposedly "unenacted" parts of the old Hoover Commission recommendations.

Congress, however, of its own initiative is by and large little interested in the Hoover Commission proposals still remaining, and at best considers them somewhat theoretical and of doubtful value. Congress would be particularly skeptical toward any bill to submerge the FDIC, if it appeared to have any serious backing.

War Financing Picture Drawn

During the month something of an overall program for defense financing of industry seemed to take shape. Congress finally agreed upon the terms of the bill amending the Assignment of Contracts law. The language adopted was that suggested by spokesmen for the American Bankers Association. It is de-

signed to eliminate the contingent possibility that a bank, as the assignee of the proceeds of a contract made to a producer who has obtained a V-loan, shall be held liable if the contractor who received the V-loan is later subjected to claims for Federal taxes or broadly any other contingent Federal claims.

This clears the way for free operation of V-loans, designed primarily to finance smaller contractors and subcontractors.

Purely "special purpose" defense plants would be financed or built with Government funds. The President, in his message to Congress requesting the extension of the Defense Production Act, asked for such a facility.

Chairman Burnet R. Maybank (D., S. C.) of the Senate Banking Committee, announced that he had talked with President Truman and that the President had agreed such financing should be restricted to industrial facilities whose nondefense use was entirely absent, or virtually so—facilities which industry itself did not care to establish, and facilities all of whose output would be bought by the Government.

Actual language drafted by the Administration for the extension of DPA did not appear to limit the new activity to such a scope. Nevertheless, it appeared likely that such restrictions as were outlined by Mr.

Maybank would be written by Congress.

Congress will soon settle where that new defense plant activity, similar to War II's Defense Plant Corporation, of RFC will be housed within the Federal bureaucracy.

There was some sentiment for putting the new DPC, or whatever it may be called, in the defense mobilization establishment. However, sentiment was leaning toward the idea of physically locating the agency within the RFC. At the same time, however, RFC's discretion would be virtually nil. The procurement agency which wanted the industrial facility would arrange for the terms of construction, etc., and after the arrangement between the contractor and the procurement agency was completed the funds would be dispensed by, and later be collected by, RFC, as is present practice.

After a period of hesitation, defense mobilization officials again appeared to have settled in favor of pushing the accelerated tax amortization program as the best means of encouraging an expansion in industrial capacity generally for defense and defense-supporting industry. After taking care not to grant the benefit of fast tax depreciation to that part of a plant investment of obvious postwar utility, officials

(CONTINUED ON PAGE 104)

RFC ADMINISTRATOR
W. Stuart Symington, new head of the RFC, has made his position clear (see page 104) on the agency's future lending policies. He doesn't consider loans to such borrowers as luxury hotels as being in the public interest





WIDE WORLD

Business

HERBERT BRATTER

This nightmare picture of Korean refugees crawling over the shattered girders of a bridge near Pyongyang was awarded the Pulitzer Prize in news photography on May 7. The photographer was Max Desfor

A Few Items on Global Confusion

EARLIER this year there was in Washington and throughout the land the "great debate" over the question of U.S. military commitments in Europe. Latterly, about all you hear in Washington is MacArthur, MacArthur, and MacArthur. The debate is hotter than ever, centering on one of the great military heroes of our nation, the near-Mikado of occupied Japan, the man who came back to Bataan. We saw the shiningly uniformed general on horseback in 1932, riding down Pennsylvania Avenue to carry out the White House order against the bonus marchers. And we saw him again 19 years later, the center of world attention, riding on the same avenue—in a car, this time—with his wife and son, returning from a triumphant address to the Congress. There, from the dais of the House exactly 176 years to the day since "the shot heard round the world," General MacArthur, the orator, the actor, with consummate skill fired the speech heard round the world. And still it goes around and around.

In the address to the Congress, the General was applauded and cheered long and loudly by all those present—at the beginning, before he had spoken, and again at the end, after he had finished. But, in between, the applause which went out over the radio was entirely partisan. If he said that Truman did right to intervene in the Korean trouble last June, the Democrats clapped; but if he criticized the Administration, they sat on their hands while the Republicans went wild. One saw only a single non-partisan in the whole chamber—the General's 13-year-old son, who modestly joined any applauding group. This great schism that visibly divides the American people overshadows every force and development on the international and domestic scenes. While a frustrated and bewildered American nation hopefully seeks a Theseus to slay the Minotaur and lead it out of the hopeless labyrinth of overseas involvements and commitments, no rift has yet appeared in the clouds of charges and countercharges. Under the economic controllers we are

fast getting ready for something big; but we are not sure what it is

OUR BRITISH FRIENDS

Britain's Labor Government, the seers tell us, is on the skids. At this year's election the Conservatives are likely to come back under Churchill, whose political opponents describe him as an old man in a hurry. Labor Minister Aneurin Bevan and Board of Trade President Harold Wilson thought this as good a time as any to step out. If the Conservatives return to power, Bevan may be expected to lead the move to unseat them again. The issue was spectacles and false teeth. Bevan opposed the government's bill to require the public to pay half the cost of glasses and dentures, thus enabling the government better to finance the arms program. In Parliament, angry Aneurin blamed it all on the lurching American economy and our unpredictable behavior, which he said will hurt the western world more than will Russia. "We have allowed ourselves to be dragged too far behind the wheels of American diplomacy,"

said Bevan, charging that U.S. arm-ing will be done not at the expense of the American living standard, but at that of other western countries.

SCARCE MATERIALS

Typical of the confusion in which we live nowadays is the raw materials question which Bevan so cleverly used for his greater political ambitions. When General MacArthur, having described Russia's role in the Chinese fighting as limited to supplying arms and supplies, declared that he would not use this as a reason for warring against the USSR, he must have had in mind the disclosure that in nine months British Malaya had sold 120,000 tons of strategic rubber to Red China and 40,400 tons to Russia. Certainly Defense Mobilization Director Charles E. Wilson had this in mind when, before a group of critical reporters in London, he stressed that not all critical materials the British want are controlled by the U.S. Wilson mentioned rubber, tin, cobalt, wool and manganese. For such Commonwealth products the U.S., which with only token UN aid is fighting Communism in Korea, has had to pay greatly inflated prices. In their Washington negotiations and propaganda drive, the British have been calling for more strategic materials from us. And the U.S., as Mr. Wilson assured the British, is determined that there shall be equitable distribution of raw materials and machine tools.

STRONGER DOLLAR, GOLD INFLOW FORESEEN

At a Federal Reserve Board staff seminar on April 30, E. M. Bernstein, chief International Monetary Fund economist, discussed the outlook for gold movements and U.S. reserves. In a world where inflationary forces outside the U.S. are stronger than within, Bernstein—according to one who was present at the meeting—predicted a change in the environment in which U.S. credit policy is made. He foresees an end to the gold outflow followed by a stronger bond market. The rest of the world can't increase its reserves materially in the next year or so, with the exception of Latin America. Since the latter prefers dollar assets to gold, Bernstein expects U.S. gold holdings to increase,

assuming no changed defense programs in the western world and no large-scale war. Looking beyond the summer of 1952, the Fund economist predicts a strong dollar vis-a-vis other currencies, because conditions are more favorable to inflation abroad than in the U.S.A.

COORDINATING AID ACTIVITIES

Possibly more than \$10-billion for foreign economic and military aid will be the Administration's request of Congress for 1951-52. This will be a controversial affair in the Congress. For instance, there is the President's letter giving the State Department say over spending of ECA funds. There's the plan

to make ECA permanent; that is, to tear up the promise that it would finish its job and fade away. Whereas the Gray and Rockefeller committees have recommended consolidation of foreign aid activities in a single independent agency, the White House and State Department see foreign aid as but an instrument of foreign policy which, as such, the State Department should control. William McChesney Martin, when he headed the Eximbank, had a gentlemanly knockdown-and-drag-out with Secretary of State Marshall on the matter of a proposed loan to China, and he retained the bank's independence. A typical
(CONTINUED ON PAGE 132)

Latin American Trade with the United States

From the Monthly Review of
Federal Reserve Bank of New York

(In millions of dollars; (+) = export balance; (-) = import balance)

Country	Second half		1950	1949	1948
	1950	1949			
Argentina:					
Exports.....	102.8	48.5	206.1	97.5	179.9
Imports.....	69.7	68.8	144.6	130.8	380.9
Balance.....	+ 33.1	- 20.3	+ 61.5	- 33.3	-201.0
Bolivia:					
Exports.....	25.2	24.1	34.4	48.5	48.8
Imports.....	11.0	14.8	20.5	36.2	35.7
Balance.....	+ 14.2	+ 9.3	+ 13.9	+ 12.3	+ 13.1
Brazil:					
Exports.....	447.5	318.6	714.5	551.8	513.9
Imports.....	220.4	144.1	353.6	382.9	497.3
Balance.....	+227.1	+174.5	+360.9	+168.9	+ 16.6
Chile:					
Exports.....	86.0	52.7	159.6	152.5	179.1
Imports.....	34.3	66.9	71.7	142.6	105.5
Balance.....	+ 51.7	- 14.2	+ 87.9	+ 9.9	+ 73.6
Colombia:					
Exports.....	191.1	132.9	313.1	241.5	236.5
Imports.....	112.7	75.3	233.3	175.9	197.3
Balance.....	+ 78.4	+ 57.6	+ 79.8	+ 65.6	+ 39.2
Cuba:					
Exports.....	212.6	168.5	405.6	387.5	375.0
Imports.....	265.7	189.0	460.4	380.3	441.0
Balance.....	- 53.1	- 20.5	- 54.8	+ 7.2	- 66.0
Mexico:					
Exports.....	171.2	103.7	317.7	243.5	246.2
Imports.....	287.8	209.8	515.7	468.2	521.5
Balance.....	-116.6	-106.1	-198.0	-224.7	-275.3
Peru:					
Exports.....	28.7	18.4	48.5	40.2	34.9
Imports.....	40.6	36.4	72.8	86.1	66.5
Balance.....	- 11.9	- 18.0	- 24.3	- 45.9	- 31.6
Uruguay:					
Exports.....	66.8	28.9	106.1	54.0	57.7
Imports.....	24.7	14.1	40.2	34.7	60.2
Balance.....	+ 42.1	+ 14.8	+ 65.9	+ 19.3	- 2.5
Venezuela:					
Exports.....	163.1	145.2	322.0	278.1	270.8
Imports.....	201.8	227.5	398.4	518.4	516.6
Balance.....	- 38.7	- 82.3	- 76.4	-240.3	-245.8
All Latin American republics*:					
Exports.....	1,732.0	1,217.0	3,084.0	2,503.0	2,644.0
Imports.....	1,481.0	1,234.0	2,716.0	2,705.0	3,162.0
Balance.....	+251.0	- 17.0	+368.0	-202.0	-518.0

* Includes also Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, and Paraguay. These totals for the Latin American republics as a whole are those used in the merchandise trade balances in Table II; they differ from the sums of the country totals because of various adjustments.

Note: "Exports" are exports to United States, "imports" are imports from United States.

Source: Department of Commerce, *Foreign Commerce Weekly*, various issues.
All data used are United States statistics.

The Atlanta Bond Story

CELESTINE SIBLEY

The author is a writer on the staff of The Atlanta Constitution.

THE Atlanta matron eased her feet back into her shoes after watching the 50-minute parade go by. "Well," she sighed with satisfaction, "I never thought I'd see the day when a U. S. Defense Bond was as glamorous as Scarlett O'Hara!"

That, in essence, is what Atlanta business and industrial leaders succeeded in achieving when they staged the opening of the nationwide 1951 Defense Bond campaign on April 30. They glamorized Defense Bonds and the buying thereof to such an extent that the townspeople themselves gave the campaign opener the supreme compliment at their command.

"The most fun we've had since the 'Gone With the Wind' premiere!" Atlantans pronounced it. And Secretary of the Treasury John W. Snyder added more soberly: "Atlanta has set a pattern which other cities of the land will have difficulty equalling—a guide and an inspiration to the Savings Bond workers in every community."

Defense Day in Atlanta, staged in celebration of the first nationwide bond-selling campaign ever to be initiated in the deep South, had practically everything—music, marching men, movie stars, eating, oratory and a certain grave urgency which served to remind South-



Secretary Snyder addressing the luncheon. Center, Governor Talmadge; right, Dick Powell

erners that beneath the bond-selling fanfare lay grim purpose.

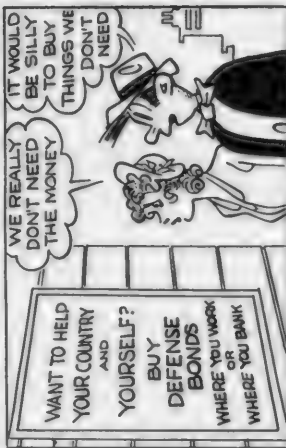
The campaign had at its head Robert Lynch, president of Atlantic Steel Company, and a committee of top Atlanta bankers and businessmen. Mr. Lynch accepted the chairmanship of the Defense Day preparations at the insistence of his fellow Atlantans, headed by Jackson Dick, president of the Atlanta Transit Company, and Malcolm Bryan of the Federal Reserve Bank. The committee he promptly picked consisted of business and industrial leaders. The representative of the Atlanta banks on this committee was Erle Coker, president of the Fulton National Bank of Atlanta. Mr. Lynch also enlisted the aid of Atlantic Steel's advertising representatives, the firm of Lowe & Stevens, and issued an organizational decree:

"No eating-meetings!"

Secretary of the Treasury Snyder and a contingent of Hollywood luminaries started the day at the Atlantic
(CONTINUED ON PAGE 54)

Below, left: Chairman Lynch at the microphone. Behind him, besides Secretary Snyder and General Church, are wounded Korean veterans and Atlanta steel workers. Below, right: The Treasury Secretary sells a bond





This cartoon by Chic Young was distributed by the Treasury to newspapers all over the country, where it appeared on May 27. It was read by an estimated 40,000,000 people. The picture of Blondie and Dagwood looking longingly in the store window probably represents the feelings of many, who, the Treasury hopes, will make the same final decision that Chic Young's characters do

CHIC YOUNG
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Several bands—civilian and military—and troops from Ft. Benning contributed to the parade

Steel Company's plant, followed by tours and bond sales speeches at the city's bigger industries and business firms. They were joined by 19 wounded veterans from Korea for luncheon—a \$4-a-plate affair attended by 1,000 of Atlanta's top civic leaders, with Governor Herman Talmadge and Mayor William B. Hartsfield there to represent officialdom. At the luncheon Secretary Snyder and Major General John H. Church, recently returned from Korea to command the infantry training center at Fort Benning, were introduced to a CBS network audience by film and radio star, Dick Powell, and they started the 1951 campaign with stirring radio addresses.

At the height of the luncheon program, Master of Ceremonies Powell interrupted proceedings to read a cablegram from General Matthew B. Ridgway, General MacArthur's successor in Tokyo.

"Loyal Americans," cabled the general, "in all their history have never failed to back up their fighting men. They will not fail now. The Defense Savings Bonds bought today mean more planes, ships and guns for our armed forces tomorrow. Participation in the payroll savings plan offers every American the opportunity to make a continued, personal investment in the defense of freedom. The hour is critical; the need is great. Support of the payroll savings plan means support of our fighting men and support for democracy."

Secretary Snyder gravely assured the radio audience that "what is being said and done here in Atlanta today truly has been well conceived to put courage and hope into the hearts of every citizen in our land.

"Let us make no mistake about the sense in which we use the word defense," Secretary Snyder continued. "Defense can never be passive. Sound defense must be active. We cannot rest upon the achievements of the past. We must heed the necessities of the present—and the future."

The Secretary of the Treasury said it was fitting that Atlanta should have volunteered for the Defense Day observance because the number of Georgians enrolled in payroll savings plans had doubled in the last six months. Some 644 companies, employing 50 or more

persons, were already actively participating in the payroll savings plan, he said, "and each month the percentage of employee participation goes steadily upward."

The principals who starred on the luncheon program shared the limelight during the afternoon parade down Peachtree Street with the smart Fourth Infantry from Fort Benning. Five hundred men, headed for Europe, marched down the famous street in the brilliant afternoon sunshine to cheers as lusty as those that went up when the Joe Brown High School band, named for Georgia's Civil War governor and uniformed in the gray of the Confederacy, passed. Third Army artillery units and bands from both Benning and Fort McPherson were featured in the parade—to give Georgians a vivid example of the place where bond money will be used. Fifteen high school bands and all the civic and patriotic organizations in town moved in the parade.

A blonde beauty brought to town by the Treasury Department—Chic James, the "Miss Defense Bond of 1951,"—rode in the procession, as did Film Stars Powell, Piper Laurie and Tony Curtis.

The parade—with 13,000 people in it—was the biggest Atlanta has seen since prewar days. It ended in the late afternoon at the City Hall, where Secretary Snyder, General Church, the movie contingent, Mayor Hartsfield and Governor Talmadge were again presented to the crowd.

"Atlanta has had many celebrations," summed up Mayor Hartsfield, "but I know of no cause closer to the heart of its citizens than the cause which seeks to assure and support the continuance of our freedom."

AFTERWARD, speaking of the Atlanta event, Secretary Snyder said: "What was said and done in the Atlanta Defense Day Program, opening Defense Bond Month across the nation, was well conceived to put courage and hope into the heart of every citizen of our land. The people of this splendid Southern city, its industry, banks and retail business, have given an impressive demonstration of this country's united determination to defend the heritage of the free world. I thank all these groups for this splendid demonstration. It will be a guide and inspiration to the savings bonds workers in every community."

Secretary Snyder at Atlanta's City Hall. Dick Powell is at the Secretary's right, Mayor Hartsfield at his left



New Trust Business: Seven Sources

ALBERT JOURNEYAY

The author is vice-president of The Purse Company of Chattanooga. His headquarters is Chicago.

TRUST business is entering a new phase of its development. Up to now emphasis has been on the administrative side. Organizations have been built, operating methods established and tested, mechanical and personnel procedure perfected, and confidence established. But growth, and consequently profits, have not been in line with the potential.

Now, spurred by the economic necessity for doubling dollar sales per employee to maintain the prewar margin of profit—by higher break-even points and thinner margins of safety—emphasis is shifting to the mass production of new trust customers on a scale never before attempted.

Two lines of action can accomplish this. Both should be followed simultaneously: (1) Increase volume and effectiveness of the trust department's advertising. (2) Cultivate the sources from which trust business flows. Neither will produce maximum results without the other.

This article will discuss the second of these, usually called "referred" or "reference" business.

Reference business is that which comes through the suggestion or recommendation of some person. That person may be a member of the bank's family, a customer, or one of the centers of influence. A survey of trust men indicates that from 60 percent to 90 percent of new trust business stems from these sources.

In many banks, the effort to secure referrals has been either unorganized or partially organized. It has been sporadic and unplanned, yet it has been the most prolific source of new business. It is easy to visualize the far greater results that would

flow from an organized plan, in which the field of operation has been fertilized and cultivated by proper advertising plans.

What are the major sources of referrals? The following are the most important:

(1) **The bank family**

(Bank staff, trust department officers, bank officers, directors, stockholders)

(2) **Customers**

(Present trust customers and customers of other departments)

(3) **Attorneys**

(4) **Life underwriters**

(5) **CPA's**

(6) **Correspondent banks**

(7) **Morticians, clergy, travel bureaus, and other possible centers of influence.**

Space will not permit a lengthy discussion of each of these groups, but here are some of the highlights.

The bank family, as a whole, should be the major source of referrals. But it will be impotent unless the groups that compose it (1) are informed on trust services, (2) know the advantages and ordinary applications, (3) are alerted to the benefits that will flow as a result of the effort of each of them to direct new business to the department, and (4) understand how to recognize and introduce such prospects.

Many banks have developed methods of informing their major employees on trust matters. Some banks do this by a short course of lectures, supplemented by a manual of trust service. Usually they include employees in the mailing list to receive the direct-mail advertising that goes to prospects.

Efforts to secure the active cooperation of employees will depend on (1) the degree to which they are informed, (2) the wholehearted cooperation of the institution's presi-

dent and chief trust executive, (3) the recognition given those responsible for getting new business.

Trust department officers and administrative men can be especially helpful in securing additions to present accounts and leads of new prospects through present customers. In 1950, one large trust institution showed an increase of \$5,200,000, spread over 466 present accounts. Much of this was due to the alertness of administrative men who recognized the need of, and opportunities for, increasing the accounts.

Officers of other departments, because of their close relationship with customers, can be especially effective. However, unless the effort is a planned one, only a few of them take advantage of their unusual opportunities.

Directors, usually men of wide influence, can be of great assistance. Reno Ransom, vice-president, Seattle-First National Bank, reports that one of his directors has been responsible for over 50 new trust accounts. Usually the director who has served on a trust committee, or who has named his bank in his own will, is the most helpful.

Stockholders, too, can often bring in new accounts. They own the institution and have a stake in its profitable operation. Properly informed and tactfully urged, they not only can turn to the trust department for their personal trust needs but suggest similar steps to others.

Present trust customers, if good customer relations exist, can be counted on for a substantial volume of new accounts. Trust departments, like doctors, must depend heavily on referrals from satisfied customers. Insurance men have been much quicker to capitalize on this possible source of new customers than have trust men. By "prospecting around

(CONTINUED ON PAGE 102)

A Dollar's Worth—1801-1950

THE data in the table below and the accompanying chart were computed by the Research Council of the American Bankers Association from the U. S. Bureau of Labor Statistics Index of Wholesale Prices. The index covers a comprehensive list of commodities in primary markets, and is representative of the general level of prices. Over 900 commodities are now included, but price data were less comprehensive in the earlier years.

The Index of Wholesale Prices uses 1926 as a base of 100. In the accompanying table, the index was recomputed to use the average price level for the period 1801 to 1950 as a base of 100. This eliminates any dependence upon a single year as a representative point

of departure. The average price level for the 1801-1950 period was 88.5 percent of the 1926 base, and it was 109.8 percent of the average price level for the years 1935-39, which are frequently used as a base in official statistics.

The price index based on the 150-year average was then inverted to show changes in purchasing power since 1801. When the price index is 200 percent of the average, the purchasing power of the dollar in wholesale commodity markets is 50 cents; and when the index is 50 percent of the average, the purchasing power of the dollar is \$2.

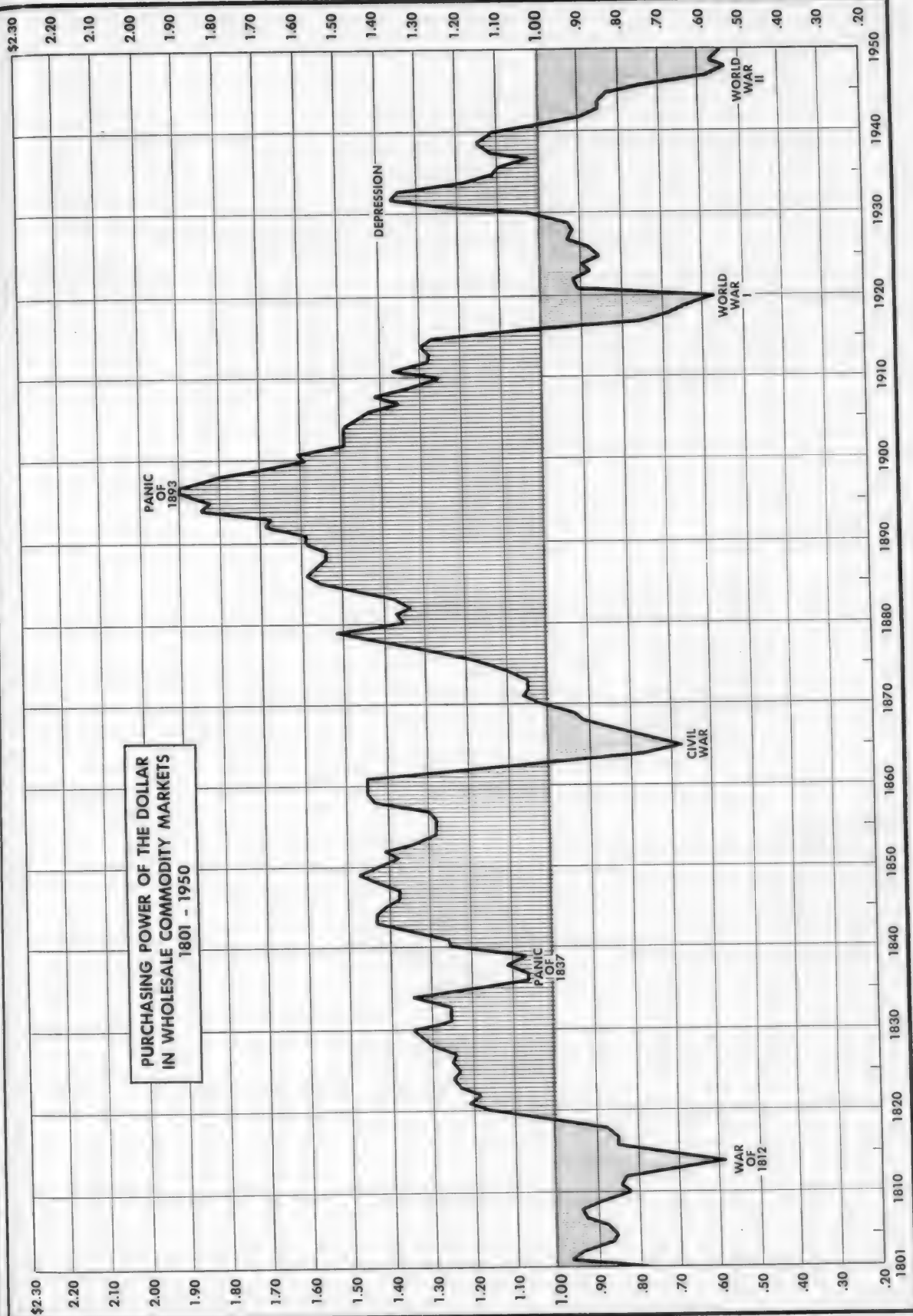
The purchasing power of the dollar for the full year 1950 was 55 cents. It currently is 48 cents.

Purchasing Power of the Dollar in Wholesale Commodity Markets, 1801-1950

(150-year average price level equivalent to \$1)

Years		Years		Years		Years	
1801	.....\$ .79	1839	..... 1.06	1876	..... 1.23	1913	..... 1.29
1802	..... .96	1840	..... 1.25	1877	..... 1.31	1914	..... 1.30
1803	..... .94	1841	..... 1.25	1878	..... 1.43	1915	..... 1.27
1804	..... .87	1842	..... 1.35	1879	..... 1.51	1916	..... 1.04
1805	..... .85	1843	..... 1.43	1880	..... 1.36	1917	..... .75
1806	..... .87	1844	..... 1.42	1881	..... 1.37	1918	..... .67
1807	..... .92	1845	..... 1.41	1882	..... 1.34	1919	..... .64
1808	..... .94	1846	..... 1.37	1883	..... 1.37	1920	..... .57
1809	..... .90	1847	..... 1.36	1884	..... 1.46	1921	..... .91
1810	..... .82	1848	..... 1.43	1885	..... 1.56	1922	..... .91
1811	..... .84	1849	..... 1.47	1886	..... 1.58	1923	..... .88
1812	..... .83	1850	..... 1.42	1887	..... 1.57	1924	..... .90
1813	..... .72	1851	..... 1.37	1888	..... 1.54	1925	..... .85
1814	..... .57	1852	..... 1.42	1889	..... 1.54	1926	..... .88
1815	..... .73	1853	..... 1.33	1890	..... 1.57	1927	..... .93
1816	..... .85	1854	..... 1.29	1891	..... 1.58	1928	..... .91
1817	..... .85	1855	..... 1.28	1892	..... 1.69	1929	..... .93
1818	..... .87	1856	..... 1.28	1893	..... 1.66	1930	..... 1.02
1819	..... .99	1857	..... 1.29	1894	..... 1.85	1931	..... 1.21
1820	..... 1.15	1858	..... 1.43	1895	..... 1.81	1932	..... 1.37
1821	..... 1.21	1859	..... 1.45	1896	..... 1.90	1933	..... 1.34
1822	..... 1.18	1860	..... 1.45	1897	..... 1.90	1934	..... 1.18
1823	..... 1.23	1861	..... 1.44	1898	..... 1.82	1935	..... 1.11
1824	..... 1.25	1862	..... 1.23	1899	..... 1.69	1936	..... 1.10
1825	..... 1.23	1863	..... .98	1900	..... 1.58	1937	..... 1.03
1826	..... 1.25	1864	..... .76	1901	..... 1.60	1938	..... 1.13
1827	..... 1.23	1865	..... .67	1902	..... 1.50	1939	..... 1.15
1828	..... 1.30	1866	..... .76	1903	..... 1.49	1940	..... 1.13
1829	..... 1.31	1867	..... .84	1904	..... 1.48	1941	..... 1.01
1830	..... 1.35	1868	..... .91	1905	..... 1.47	1942	..... .90
1831	..... 1.26	1869	..... .95	1906	..... 1.43	1943	..... .86
1832	..... 1.25	1870	..... 1.02	1907	..... 1.36	1944	..... .85
1833	..... 1.26	1871	..... 1.07	1908	..... 1.41	1945	..... .84
1834	..... 1.35	1872	..... 1.05	1909	..... 1.31	1946	..... .73
1835	..... 1.19	1873	..... 1.06	1910	..... 1.26	1947	..... .58
1836	..... 1.06	1874	..... 1.09	1911	..... 1.36	1948	..... .54
1837	..... 1.07	1875	..... 1.14	1912	..... 1.28	1949	..... .57
1838	..... 1.11					1950	..... .55

PURCHASING POWER OF THE DOLLAR IN WHOLESALE COMMODITY MARKETS 1801 - 1950





THE FUTURE OF THE FAMILY DOLLAR



BANKING'S National Finance Forum

INVESTMENTS

?

Is there any desirable proportion of various types of securities within a portfolio, i.e., rails, industrials, municipals, etc.?



Answered by
JAMES W. WOOSTER, JR., financial associate,
The Commonwealth Fund,
New York, N. Y.

✓

YES, I think there is, but the most desirable balance for one portfolio might be poison for another. Moreover, a desirable balance for the same portfolio would change as conditions change.

Of primary importance, in my opinion, is the recognition of the principle that a portfolio should contain various types of securities, rather than a single type, that is, recognition of the desirability of a degree of diversification.

The types of securities selected

for a given portfolio should, I think, be determined, on an individual basis, by the requirements and investment objectives of that portfolio. And, as suggested above, there should be a continuing re-examination of the suitability of the various types of securities for the job to be done.

There are fashions in securities, as in most other things. Railroad stocks have been in relative disrepute most of the time since the depression of the 1930s, but during the past twelve months they have, as a group, staged a very superior performance in comparison with other major stock groups, from the standpoint both of rate of income and capital appreciation. Conversely, public utility stocks have had but few friends since Korea, but from the point of view of rate of return, and stability of earnings, they have

much to offer as a segment in a well balanced investment account.

Municipal bonds, because of their unique tax status, have an almost irresistible appeal for certain types of investment accounts, even at prices and yields which, in relation to those of previous periods, appear fantastic. However, if a 6 percent return from dividends is taxable to any given account at a 75 percent rate, the remaining, spendable portion of that dividend, or 1½ percent, does not look too attractive, even when compared with the low returns afforded by tax exempt items.

Investors are fortunate in having a wide choice of industries and types of securities when selecting the building blocks for their investment programs. They should make their choices and determine their proportions in the light of the job which they expect their investments to accomplish for them. Flexibility in thinking, and the ability to adapt one's plans to new and unexpected situations are two of the most valuable investment attributes which one could have. Through employing various types of securities in varying amounts, with adjustments as external conditions change, this flex-

Here are some questions and expert answers on how best to conserve the value of property in these unconservative times. Queries from BANKING'S readers are welcome.

ibility and ability to adapt can be used to obtain, not perfect, but above average results, a realistic, but nonetheless surprisingly hard to achieve investment goal.

INSURANCE

? At 45 am I too old to derive benefit from any kind of retirement income insurances?



Answered by
MARION STEVENS EBERLY,
director, Women's Division,
Institute of Life Insurance, New York, N. Y.

✓ CERTAINLY not if you are looking forward to retiring, as many people do, when you reach 65. Under that arrangement you have 20 years in which to build up the desired retirement income. Even if you retire at 60, you would still have 15 years over which to spread the building up of such a fund.

Many people find that 45 is about as early as they can begin to put money regularly into a retirement income life insurance policy. Their obligations to protect other people usually have a prior claim. By the time the parents reach 45, children may be well on the way to growing up. Even though children's education may not have been completed, funds necessary for their education have probably been accumulated or are earmarked in current earnings. With lessening responsibilities to the younger generation, a husband and wife realize they now have, or very soon will have, more latitude in planning for their own retirement years.

Retirement income policies are called different names by different life insurance companies. Most policies of this type combine the features of life insurance and annuities; they provide guaranteed life income to begin at a future age selected by the policyholder and life insurance protection until the retirement income starts. Such policies are usually offered in units of \$10 of monthly income. The amount of life insurance they provide varies widely between different contracts. The insurance may be just enough to as-

sure the return to a beneficiary of the premiums paid by the purchaser with interest accumulated, or it may be as much as \$1,500 of life insurance for each \$10 unit of retirement income.

The particular policy you select would depend, therefore, on how much additional life insurance protection your family needs until the time for you to retire and how much you can put into it regularly.

Retirement income policies, in a very real way, are a supplement to family protection. They give peace of mind to the owner and also to his children. To know parents have independent income for the rest of their lives relieves grown children of concern about providing it and often enables them to do more for the third generation.

Since comparatively few couples are able in their later years to live on income alone, whether from inherited or accumulated capital, but rather must use up their capital bit by bit, the annuity guarantee has great appeal. It exhausts both capital and interest but provides a sure income to the end of the owner's life, no matter how long he or she lives.

WILLS, TRUSTS, ESTATES

? Would there be any advantage in my having a will? I am a widow, and my son is my sole heir. My estate, about \$15,000, would go to him anyway.



Answered by
NANCY B. STAUB, assistant trust officer, Morristown Trust Company, Morristown, N. J.

✓ EVEN if your son would get your entire estate under the laws of intestacy of your state, there are still advantages in having the estate pass to him under a will. Without a will it is necessary for the court to appoint an administrator, who in turn is required to put up a bond. A will is the simplest, least expensive, and most satisfactory way of passing property on to others after death. There is no satisfactory substitute for a will.

?



When picking witnesses for a will, is it necessary to choose persons who will not be beneficiaries?

✓ IF beneficiaries under a will sign the will as witnesses, in many states they are disqualified from receiving under the will, although in other respects the will may stand. It is very important that any question on this subject be eliminated by having as witnesses to a will only people who have no financial interest in the estate. The will maker should therefore never have as witnesses his spouse, children, members of the family, relatives, or any others who receive property under the will.

HOME OWNERSHIP, MORTGAGES

? When buying a house, should I try to borrow as much as possible rather than deplete my cash reserve?



Answered by
MILES L. COLEMAN, building adviser, House Beautiful; Consultant to the Twentieth Century-Fund.

✓ UNDER current credit restrictions, it is almost certain that you will have to make a substantial drain on your savings. Moreover, old-fashioned considerations of financial prudence would counsel as substantial a cash investment in the house as possible.

However, it may be borne in mind that the long-term outlook is for a continued decline in the buying power of the dollar—which means both that your equity in a well-selected property will increase as prices generally rise and your loan will be payable in cheaper dollars than those you borrowed. Consequently, today, old-fashioned prudence may be tempered with opportunism.

So long as your income outlook is reasonably good, it is not inadvisable to borrow up to the full limit that you can carry on a ratio of loan to income of close to one to five.

?

Should I plan to try and maintain my home (repairs and replacements) entirely out of income or is it considered good practice to add this to my existing mortgage?

✓

GENERALLY speaking, the borrowing of small amounts for ordinary repairs should be avoided. Where the replacement is substantial, such as a new roof, a new kitchen or laundry, etc., it is entirely reasonable to borrow additional money on your mortgage so long as the total borrowing is in keeping with the value of the house, a proper income-loan ratio, and the credit regulations.

In order to make such additional borrowing possible without a new loan instrument or a costly rewriting of the existing mortgage, it is usually necessary that the original loan agreement provide for this possibility.

PERSONAL FINANCES

If I were to cash my War Bonds, added to my bank account, I'd have a moderate sum. With inflation going strong and the money buying less and less each day, would I be well advised to go out and buy things with it? Should I buy rugs, furniture, maybe even a house? Should I convert this cash into some kind of actual property?



Answered by
MABEL F.
THOMPSON, as-
sistant sec-
retary, Union
Dime Savings
Bank, New
York, N. Y.

✓

THE person asking this question may want a house of his own—or rugs and furniture and all sorts of other things for his home—but to put all of one's cash into such goods, whether or not we are in an inflationary period, is, it seems to me, the height of folly. Therefore, don't redeem your War Bonds and

spend that money plus all your cash savings for consumer goods or "actual property." If you were to do that, and an emergency should arise so that you needed cash, you would have used your savings and would be forced to borrow—not always an easy thing to do. Furthermore, although the dollar is decreasing in value, what assurance have you that the consumer goods you might buy would increase in value—or, if they did, that you could realize more cash than you originally paid for them at the particular time that you most needed the money?

With a good cash reserve, there is justification for buying things that are needed, but certainly this is no time for needless buying. The demand created by such buying helps to produce shortages and increases the pressure for higher prices. With your money invested in Savings Bonds and in a savings account, however, you are helping to check inflation. Furthermore, you know that your principal is safe, that you are getting a fair interest return and, what is of greatest importance to you personally, you have cash available when you need it.

If there should be more cash and



"I wonder if you'd have signed for two bonds a month if a man had been selling them"

fixed-income securities than is advisable for an emergency fund and reserve purposes, then investment of excess funds in well-selected and diversified securities might be considered.

"Thank You, Mr. Banker"

SELDOM—perhaps never—have so many people said Thank You to so many banks in so short a time.

Reason: the financial forums.

Appreciation for the educational value of this question - answering public service is being expressed in letters written by people whom the meetings have helped. They're sincere letters—and spontaneous. Written on business stationery, tinted notepaper, and correspondence cards that reflect a wide economic background, they express the writers' gratitude for information that helps planning personal and family finances. Most of the letters are from women; it was for the distaff side that the forums were first held, although the men soon demanded a similar privilege.

The success of the forums had been reported to BANKING by many banks. But we thought it might be a good idea to let the "satisfied customers"

speak for themselves, and asked several banks for excerpts from unsolicited thank-you notes.

Take Banker's Advice

One woman, writing to President Fred F. Florence of the Republic National Bank in Dallas, said: "More people (perhaps I should say more women) should realize that their banker's advice should be as well taken as their physician's." Another wrote that as a result of the forum she had "a great deal more confidence" in her own ability to "think correctly and calmly" about her finances. "I've talked with ladies who were present," exclaimed a third, "and all were enthusiastic about the information they received! We all hope that other types of study may be given to aid women who have so little chance to study business problems."

"Goodness knows we need much
(CONTINUED ON PAGE 64)



Mrs. Breen says: "So many of my friends, who have become homeowners recently, tell me they wish their houses had included all of this fine G-E equipment at the time they

bought! It's still hard for me to believe that these wonderful G-E appliances cost so little under the terms of our mortgage—less than \$5 a month extra!"

HAPPY with her mortgage arrangements!

In the photograph above, you see Builder J. P. Lenny of Runnemede, N. J. calling on Mrs. Marie Breen who purchased one of his "Cinderella" houses last year.

Mrs. Breen is mighty happy about the arrangements which permit her and her husband to pay for the General Electric Kitchen-Laundry as a part of their mortgage. The plan adds less than five dollars to their regular monthly payments.

For the banker, for the builder, for the homeowner, the "Packaged Mortgage" is an ideal and realistic solution to a financing problem.

The homeowners are not burdened with short-term payments on kitchen appliances. They

need not assume obligations that may interfere with regular mortgage payments. They become more satisfied and willing mortgagors. Furthermore, the economical operation and long life of G-E appliances may offset the slight increase in monthly payments.

The banker's interests are protected, too, because the house is truly up-to-date . . . one that the homeowners are proud to maintain.

Are you including the G-E Kitchen-Laundry under the "Packaged Mortgage" plan? *We sincerely believe it to your advantage to do so!*

Home Bureau, General Electric Company, Bridgeport 2, Connecticut.

You can put your confidence in—

GENERAL  ELECTRIC

**If you buy the Recordak Microfilmer
you are now renting you'll get a . . .**

*50% credit
within the*



on your rental payments e past 36 months

Start adding up the monthly rental payments you have made on your present Recordak Microfilmer within the past 36 months.

Then take 50% of this total—that's the substantial credit allowance you will receive if you choose to own, rather than rent, your Recordak Microfilmer.

This attractive offer enables you to buy—at surprisingly low cost—equipment that has already proved its worth in your bank.

And with this low cost, there's still another worth-while value—up to 2 years of free maintenance service, including parts replacements, if necessary.



Yes, it's easy to understand why more than a thousand banks have already taken advantage of this outstanding offer. And the chances are you'll want to capitalize on the credit you've built up, too. So call in your local representative for all the facts . . . or write us. Recordak Corporation (*Subsidiary of Eastman Kodak Company*), 444 Madison Avenue, New York 22, N. Y.

"Recordak" is a trade-mark

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems

(CONTINUED FROM PAGE 60)

more information along these lines," said another Dallasite. "But this has given us the fundamentals and opened the door to understanding." One woman thought the forum was "a tribute to the women of Dallas."

Comments received by The Merchants National Bank & Trust Company of Syracuse, New York, included:

"I personally learned a great deal . . . and feel certain the majority of those present are today much better fortified for their role in the economic world."

"From a Woman's Viewpoint"

"I cannot keep from expressing personal appreciation of the recent splendid finance forum sponsored by your bank. I attended the first course last year and gained a great deal from it, but this year's course given by women had a different appeal. The fact that the material was presented from a woman's viewpoint was especially valuable."

"I certainly learned a lot about the banking business, and I never heard a finer presentation of easily understandable facts about the history and methods of an industry. It was really a masterpiece."

To the First National Bank of Minneapolis came a letter saying:

"My son-in-law in Pennsylvania and my son in Washington, D. C., were greatly interested when they heard about the course. They asked me to send them carbons of the notes I took. I am putting in two more carbons and including the other son in New Mexico and the daughter whose husband is teaching at Princeton University."

Repaid for Long Drive

Here are other comments to the same bank:

"I drove in from Lake Crystal, close to 100 miles, each time to attend. I felt fully repaid for the time and effort."

"New channels of thought were opened to me and I am grateful for the knowledge I received."

"Most women really do appreciate and need this information. Please accept my thanks."

"I want to express my sincere appreciation and thanks for this course. It was very interesting and helpful. Your bank is to be complimented for having planned such a forum."



"Before we read the will I'd like to say that none of you will have to worry about paying taxes"

Forum News

THE Back Bay (Boston) office of The Institution for Savings in Roxbury held a finance forum for physicians and dentists, presenting these subjects: "Field of Investment Opportunity"; "Investing in Stocks and Bonds"; "Insurance and Annuities"; and "Wills, Trusts, Estates, and Taxes."

The Valley National Bank, Phoenix, Arizona, included in its forum program glossaries of terms pertinent to the subject of each meeting.

Most forums have been scheduled once a week, on consecutive days, or even on a once-a-month basis; but the Wachovia Bank and Trust Company, Charlotte, North Carolina, scheduled its sessions differently. Three meetings were held in the course of a week (Friday-Tuesday-Friday).

The State-Planters Bank and Trust Company, Richmond, presented a forum in response to requests from four executive business women's clubs in the city. Meetings were held on three consecutive days: two evenings and one afternoon. Half again as much time was given to questions and answers as to formal presentation of the subjects.

The Union and New Haven Trust Company of New Haven, Connecticut, followed up its women's finance forum with offset folders containing the replies to questions asked at the meetings. Copies are being mailed to forum registrants.

The first folder, an eight-pager, provided the answers to more than 100 questions asked by the audience after a talk on life insurance and annuities by Mrs. Marion S. Eberly, who is also a member of BANKING's National Finance Forum panel. The answers were mainly supplied by Mrs. Eberly and by the Institute of Life Insurance, whose women's division she directs.

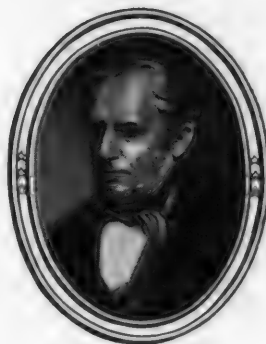
Rather closely related to the Family Dollar are such sources of future income as pension trusts, profit-sharing plans and retirement programs.

The Citizens & Southern National Bank of Atlanta held an "executive's forum" on these services, attended by 200 business leaders of the Southeast. Five speakers covered these phases of the general subject: The reasons for a pension program, how to set up a program financing pension plans, taxation and pension trusts, and trusteeing and investing.

The final session of the women's finance forum sponsored by the Peoples National Bank of Charlottesville, Virginia, was a luncheon meeting at a country club. The subject was wills and trusts.

James Fenimore Cooper

AMERICA'S FIRST SUCCESSFUL NOVELIST



Author of more than thirty novels, many travel books and countless pamphlets, James Fenimore Cooper had no literary aspirations until he was thirty and wrote his first book only because he could never refuse a dare. When an inferior novel prompted him to declare that he could write a better one, his wife challenged him to try, and Cooper went to work to prove his point. The resulting novel, however, was most unfavorably received.

If Cooper's first book had been successful, probably he would never have attempted another, but characteristically he "made the stumbling-block the stepping-stone." Although he doubted that a story with an American setting would be popular, "The Spy," his second novel, was acclaimed both here and abroad.

Cooper was born in Burlington, New Jersey, in 1789 and the following year moved with his family to a settlement at Cooperstown, New York, which had been established by his wealthy and prominent father. From a boyhood spent in this region, still a wilderness inhabited by Indians, James acquired the frontier lore on which he based his "Leather-Stocking Tales."

A member of the class of 1806 at Yale, Cooper left at the end of his third year to ship before the mast, and that voyage was followed by several years as midshipman in the U. S. Navy. This experience was responsible for Cooper's sea stories which, despite friends' warning that they could not be made interesting, proved highly successful and started a new school of fiction.

By an odd coincidence the house where Cooper was born adjoins the birthplace of another American associated with the sea. That man was Captain James Lawrence, the naval hero who, as commander of the *Chesapeake* during the War of 1812, uttered the famous words, "Don't give up the ship."

Cooper's last years were spent for the most part at Cooperstown where he died in 1851. His birthplace, under the custody of the Burlington County Historical Society, is a lasting memorial to America's first outstanding novelist.

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10 Endowment Funds' Blue Chips

Large endowment funds remind us We should be investment-wise, And, departing, leave behind us Gilt-edge stuff like Harvard buys!

IT'S sometimes profitable, usually prudent, often reassuring, and always interesting to check your own investment judgment against that of men who manage the endowment funds of educational institutions and foundations. Occasionally the public has a chance to do so.

Perhaps BANKING's Family Dollar readers would like to share the opportunity recently provided by *The Exchange*, magazine of the New York Stock Exchange, which surveyed the major investments of Harvard, Yale, Princeton, Columbia, Cornell, Dartmouth, Smith, Carnegie Corporation, Rockefeller Foundation, and the John and Mary S. Markle Foundation.

"By major investments," explains the publication in "Most Popular Stocks in Endowments," an article based on the survey, "are meant blocks of industrial stocks of exceptional size"; and it lists the most popular issues owned by the 10 funds. (See the table on this page.)

"Oddly," continues the *Exchange*, "no single stock, in blocks as big as those mentioned, was common to all the endowments, though most issues on the list, as well as American Telephone & Telegraph and others, were held by the big university endowments in fairly large or moderate amounts. General Electric, Standard Oil of New Jersey, and Union Carbide & Carbon qualified for all except one institution in the group. Sears, Roebuck was owned by all except two; Du Pont, Standard Oil of Indiana and other issues were owned by all but three."

Endowment commitments at the end of the last fiscal year were featured by generally large blocks of petroleum stocks. Another feature on which the magazine comments was "the great variety and large holdings of public utility company operating issues." For instance, the largest block in Harvard's endowment was \$17,465,000 of public utilities; next, \$13,580,000 in oil stocks.

Most Popular Common Stocks in the Portfolios

Standard Oil of New Jersey
General Electric Co.
Union Carbide & Carbon Co.
Sears, Roebuck & Co.
Standard Oil Co. of Indiana
E. I. du Pont de Nemours & Co.
International Harvester Co.
Westinghouse Electric Corp.
Socony-Vacuum Oil Co.

Shell Oil Co.
Eastman Kodak Co.
Gulf Oil Co.
Standard Oil Co. of California
Kennecott Copper Co.
International Nickel Co.
General Motors Corp.
Monsanto Chemical Co.

Columbia's fund had nearly \$10-million in industrial common stocks—the largest single block of securities with the exception of government and corporate bonds. This university's general fund "revealed a heavy interest in oils."

"Of Cornell University's \$41,338,000 of securities of all classes, more than \$17-million consisted of common stocks."

Turning to the investments of the three foundations, the article notes "some interesting differences of management philosophy." Despite the emphasis placed on common stock holdings by each foundation, only five stocks were common to each portfolio: General Electric, General Motors, Union Carbide & Carbon, du Pont and Kennecott Copper."

The Carnegie Corporation, in its report as of September 30, 1950, said its holdings of common stocks, at both cost and market, were the largest in its history. The book value of marketable securities was \$168,169,000, of which 19.48 percent was represented by common stocks. Here are the 10 largest blocks:

General Electric, Westinghouse

Electric, General Motors, Union Carbide & Carbon, Sears Roebuck, R. J. Reynolds Tobacco, Inland Steel, Kennecott Copper, Allied Chemical, Pittsburgh Plate Glass. These were held in blocks of 15,000 to 30,000 shares; substantial holdings of Gulf Oil, Ingersoll-Rand, National Lead, International Harvester and Standard Oil of New Jersey were also listed, with 10,100 to 14,000 shares.

"ALTHOUGH oil stocks were prominent," says the magazine, "a far larger proportion of Carnegie holdings was in durable goods manufacturing, chemical and non-ferrous metals concerns." It is apparent that the Carnegie management "leans toward wide industrial diversification."

Rockefeller Foundation's assets of \$153,471,000 on December 31, 1949 (apparently the latest report available) "largely concentrated in oil shares. Blocks of 35,000 or more shares of copper company issues were also owned. This foundation's 10 largest holdings were in Standard Oils of New Jersey, California, Indiana and Ohio, Union Tank Car, Ohio Oil, Continental Oil of Delaware, International Nickel, American Telephone, and Phelps Dodge.

The John and Mary R. Markle Foundation, with assets of \$16,138,000 at the end of 1949, was established by a leader in the development of Pennsylvania's anthracite industry. This portfolio, the *Exchange* reports, showed, as a whole, no decided preference among industries. Its 10 largest holdings were reported as: Phillips Petroleum, General Electric, General Motors, Du Pont, Union Carbide & Carbon, Kennecott Copper, Eastman Kodak, National Lead, Dow Chemical and Ingersoll-Rand.

"Mom, is this the rainy day I've been saving for?"



Some Legal Superstitions Never Die

They Don't Even Fade Away

EARL S. MacNEILL

The author is vice-president of the Irving Trust Company, New York City.

THE trust officer must be something of an iconoclast; daily he must demolish cherished fictions. Yet never do they remain demolished; they rise to plague him daily. Most persistent are such as:

"My property is all in joint ownership, so my estate won't have to pay any taxes." The commonest form of joint ownership is "John Jones and Mary Jones, his wife, as joint tenants, with right of survivorship." There was a time, in some jurisdictions, when the survivor took property, so owned, without tax liability. But under Federal law, and generally under state law, when the first joint owner dies, it is presumed that he (or she) supplied all of the purchase price of the jointly owned property, so all is considered taxable in the deceased joint owner's estate—except to the extent that it can be proved that the survivor contributed to the purchase.

In the average husband-wife situation it is rather difficult to overcome such a presumption when the husband dies first. Usually the husband is the provider—the money maker. Even where the wife has some independent means of income, the family records are such a mess that it is impossible to figure out what money went where. Frequently, the first advice we have to give, when family problems are discussed with us, is: Get your records unscrambled. Set them up properly and keep them straight. Reliance upon the superstition that joint ownership avoids taxes can cost money rather than save, for it may well be that your wife really paid for a third or half of this property; but because of the confusion of your records all of it—her property as well as your own—will be taxed in your estate if you should be the first one to die.

Another persistent relic is "Life insurance proceeds are not subject to estate tax if they are payable to a named beneficiary."

Many still suppose that life insurance will not be taxable as part of their estate unless they expressly make it payable to their "estate." Let's bury this one quickly. The Federal law is explicit and state laws generally follow: Life insurance on your life (we tell our customers) is a taxable asset, no matter how payable, if you pay the premiums on the policies, directly or indirectly; or if you possess "incidents of ownership in the policies"—such as the right to change beneficiaries, to borrow on the policies, to take down cash surrender values. And don't think that it means anything if your wife pays the premiums out of the money you give her for household expenses. The word "indirectly" has been stretched mighty far.

On a par with joint ownership is: "These bank

accounts won't be taxed in my estate because they are 'in trust for' my children."

The "savings bank trusts" described here are not to be confused with the kinds of trust under will and agreement that are administered in our trust departments. They are not creatures of statute; like Topsy they "just grewed." They grew out of popular misconception and persisted in their unorthodoxy, forcing the courts to rationalize them. In New York they are called "Totten trusts," from an old case which gave them grudging legitimacy. What happens is this: Father sets up the bank account "in trust for" his son—or daughter, niece or stranger; relationship has no bearing. But he keeps the passbook and treats the account as if it were his own. He adds to it and withdraws at will. On the father's death, whatever is in the account passes to the son—belongs to the son, then, with no strings attached. But no gift was ever made during the father's lifetime, of sufficient definiteness and finality to take the money on deposit out of the father's taxable estate. For tax purposes, it is just as if the account stood in the father's sole name.

It happens that the three "superstitions" I have cited relate to taxes; they relate also to three very important means of transferring property to dependents and heirs. In denying their virtues taxwise, it is important that no aspersions be cast on their virtues in other respects. In fairness, they should be defended. Perhaps trust men have some superstitions, too.

LITTLE need be said for life insurance. It has plenty of spokesmen. Income taxes being what they are, it is the surest and quickest way for many of us to build an estate; and exercise of the right to name beneficiaries and specify the manner of payment is the least expensive and generally most satisfactory manner of disposing of the insurance "estate." Joint ownership of the home is a tacit recognition of the marital partnership—of the joint effort and saving that made home ownership possible. The transfer to the survivor is automatic and inexpensive—a tax clearance may be all that is needed. Trust companies must be hungry indeed to insist on the advantages of corporate executorship in the many small cases where the family's wealth consists of a home jointly owned, a few jointly owned U. S. Savings Bonds and a joint bank account.

Similarly, the Totten trust (which has been termed "the poor man's will") may serve as a convenient vehicle for passing title, at death, without surrender of control during lifetime. The important thing is that the limitations of these vehicles be understood as well as their advantages. They should be seen as parts of the whole estate plan. But they shouldn't be overworked, and no tax magic should be expected of them.



Plaque presented by 4-H members to the California Bankers Association in recognition of its 25 years of support to farm youth activities brings smile to the face of association president Joe Lipman, who is senior vice-president of the Union Bank & Trust Company of Los Angeles

News for Country Bankers

This news covering various aspects of country banking was compiled by MARY B. LEACH of BANKING'S staff.

4-H Honors California Banks

CALIFORNIA bankers are proud of a bronze plaque recently received from the state's 4-H Clubs, recognizing the association's efforts towards improved opportunities for farm youth over a period of 25 years.

"We are particularly happy to receive this token indicating that our kindly feelings toward the farm boys are reciprocated," said Joe Lipman, president of the association and senior vice-president of the Union Bank & Trust Company of Los Angeles. "I know of no award the association has ever received that is more greatly appreciated."

The 4-H Club work in California is carried out under the guidance of extension workers representing the University of California College of Agriculture and local leaders trained

by them. The California Bankers Association awards annually approximately 18,000 4-H Club achievement pins to club members who complete their projects. An enlarged program is planned for the future. Emphasis is placed upon the opportunity to make a profit in farming, to effect a saving in home making, and to practice habits of thrift and industry.

The program includes individual agricultural or home-making projects which are required of every club member, group projects such as fire-prevention, tree planting, etc., individual improvement in the way of training of good standards of health, nutrition, and recreational programs. One of the most important lessons these young people learn is the value of keeping accurate records.

The 4-H Record Book provides space for entries on cost and income from activities in which the member takes part.

The association sponsors an annual trip to Washington, D. C., for the diamond-star winners in 4-H Club activities.

C. W. Bailey Is Chairman, Friends of the Land

C. W. BAILEY, president of the First National Bank of Clarks-ville, Tennessee, and formerly president of the American Bankers Association, is one of the bankers who are active in the management of the Friends of the Land.

Mr. Bailey has been a member of the board of directors of the Society since 1949 and was elected chairman of the board in March to succeed Chester C. Davis, whose resignation followed his acceptance of the associate directorship of the Ford Foundation. Mr. Davis was president of the Federal Reserve Bank of St. Louis just prior to his acceptance of the Ford post.

Other bankers either serving as officers or directors of the Friends of the Land include: Paul Bestor, president, The Trust Company of New Jersey, Jersey City, *vice-president*; Robert T. Crew, vice-president, The Ohio National Bank, Columbus, *treasurer*; William W.

Campbell, president, National Bank of Arkansas, Forrest City and chairman, Agricultural Commission, A.B.A.; Charles F. Chubb, honorary vice-president, Dollar Savings Bank, Pittsburgh; and Lester J. Norris, chairman of the board, St. Charles State Bank, St. Charles, Illinois, directors.

The Friends of the Land is a non-profit, nonpartisan society for the conservation of soil, water, and man. It carries on an educational program to acquaint citizens with our dwindling storehouse of natural resources, forest fires, pollution of streams, the extinction or depletion of birds, game, and fish, the hazards of dust storms, drought, floods, and exhausted lands.

Since attending the Institute of Conservation, Nutrition and Health in Chicago last summer to learn more about the importance of minerals, humus, and water to the health of man, animals, and the prosperity of the community, Mr. Bailey has delved into the subject of trace elements in fertilizers, designed to improve yield, quality and general results of crops of every character, particularly pastures and hay.

In pursuing his researches, he took 125 of the bank's farmers to the Forrest Borders farm at Bowling Green, Kentucky, to see for themselves what the application of fertilizer containing all of the trace elements as well as an adequate amount of the major elements can do toward changing farming from a losing proposition to a very profitable one. He then raised \$25,000 and set about having soil analyses made on all the farms in the Clarksville area.

J. C. Rogers, president, Florida Bankers Association, presents N. E. Griffin with FBA's certificate of award for SCS farm plan compliance. Nathan Mayo, Commissioner of Agriculture, and Dr. Werner Husmann, citrus grower, right. At left, Floyd M. Call, FBA secretary, and Howard Bissland, SCS



After the analyses were made, Mr. Bailey invited Chester C. Davis and J. J. Miller, a well-known chemist and authority on trace elements, to address a meeting of farmers to explain the importance of fertilizing with the proper nutrients.

The Soil Conservation Committee of A.B.A.'s Agricultural Commission has recommended that bankers encourage soil analysis as a national practice for both major and minor elements. Mr. Bailey is a former chairman of the Commission.

Banker-Farmer Meeting Guide

AFTER two years of sponsoring highly profitable banker-farmer meetings at the county level, the Kentucky Bankers Association offers a check list to guide banks in setting up these meetings, which is patterned after the organization plan devised by the Pulaski County banks.

Decisions to be made by bankers: The theme of the meeting after consulting with the county agent, type of meeting—whether morning, afternoon, or midday—and the amount of the budget.

Actions to be taken: Select a farm (county agent should serve as chairman); map and history of the farm (Soil Conservation District can be very helpful here); plan the program; arrange for parking space; map publicity program; design and locate road signs; and plan for speakers' facilities, luncheon, and clean-up.

Steps in developing the plans: Have county agricultural chairman call a meeting of *most active* officers in each bank. (Their presence insures maximum financial and personnel participation.) Decide what practices the visitors should see and what ideas the visitors should take home.

Most popular type of meeting: The one arranged with a farm tour, followed by luncheon, and afternoon speakers.

Budget: Include funds for mimeographing, printing, and one or two advertisements announcing that the banks of the county are sponsoring the meeting; appropriate gift for host family if one is decided upon (this is not required, but is much appreciated); apportion expense equally or on basis of deposits; and set up funds in advance (everyone knows the cost and pays his share). Balance, if any, can be returned, kept for Recognition Dinner in winter, or held over for the next year's meeting.

Committees: Selection of farm (county agent chairman); map and history of farm (very helpful to visitors); program (a guide to visitors as to what to expect); publicity (before and after meeting); road signs (large enough to be read easily; helpful when site of meeting is off main road); parking at site (try to locate area to avoid disturbing meeting); luncheon (simplified menu, equipment—chairs, tables,



The Fort Worth (Texas) National Bank, one of the patrons of the Southwestern Exposition and Fat Stock Show, bought the Boys' Reserve Champion Shorthorn (shown in picture) to encourage FFA and 4-H members. At left, Assistant Cashier C. J. Guffey, center, with Wayne Witherpoon, right, Boys' Champ winner, and his father, left

etc., flow of crowd—set up to guide away from serving area, ice water and soft drinks will be used in surprising quantity); speaking facilities (chairs for visitors, banker as chairman of afternoon session, have another banker give few remarks, arrange for stand-by loudspeaker, speakers should face light or sun rather than the audience, thank host and all those who helped with the program); clean-up—have plenty of trash cans available so the host won't have a whole day's work trying to clean up.

In conclusion the association states:

"Remember the value of the day to the banks is in direct proportion to personal interest, participation, effort of all banks in planning, organizing and executing the whole day's activity—not just the money provided."

Farm Accountants' Banquet

FIFTY Ohio farmers and their wives were guests of honor at the third "Approved Farm Accountants Banquet" sponsored by the Ohio Bankers Association in cooperation with the Ohio Agricultural Extension Service at Ohio State University as a part of Farm and Home Week.

Each year the bankers and the university's College of Agriculture distribute more than 30,000 farm account books to Ohio farmers. The guests of honor were those who have kept, by this method, records of their farm transactions for more than 15 years. This is known as the Ohio farm accounting and farm management project.

The award winners and guests of honor include two farmers who have

kept up their farm account books for 25 years or more; 10 for 20 years or more; and 13 for 15 years or more.

"For Distinguished Service . . ."

THE Robert Strickland Agricultural Memorial Award for Distinguished Service to Agriculture in Georgia during 1950 was presented to the Bank of Screven County, Sylvania, at the annual meeting of the Georgia Bankers Association.

The Bank of Screven County received a large bronze plaque, depicting the dawn of a new era of agricultural progress in Georgia, and the opportunity to select a student in its area to receive a \$2,000 scholarship to any college of agriculture in the University System of Georgia.

The plaque and scholarship were presented by John A. Sibley, chairman of the board of the Trust Company of Georgia, the donor of the award. John A. Mills, Jr., president of the Bank of Screven County, accepted the award on behalf of the bank.

Here, in Mr. Sibley's own words, are some of the reasons why the Bank of Screven County was selected to receive the award:

"I have read the record of the activity of his (Mr. Mills') bank as presented to the committee. It was a great privilege to do so.

"His bank sponsors a school or clinic for the study of livestock and pastures, including the study of soils, the care and the feed of animals. This school was manned and led by our best educators.

"Along with others he sponsored a soil testing unit that came to his county and analyzed on-the-spot

samples of soils so that the farmers would know the mineral deficiencies and could supply them economically and successfully. That is basic in the new concept of farming.

"His bank supported the annual hog and fat-cattle shows, presented a pure-bred Angus beef steer to 4-H Club boys and girls, financed a commercial poultry project for 4-H boys, financed the establishment of dairies for Grade A and Grade B milk, donated a \$100 agriculture scholarship each to a 4-H boy and 4-H girl, offered prizes for the largest yield per acre of corn and cotton, sponsored an agricultural credit forum, financed the purchase of two bulldozers to aid the farmers in building pastures and clearing land.

"This bank on a limited scale has entered a field of financing agriculture that is of great interest to all of us. Several carefully selected veterans are being financed for a period of five years to build and equip pastures and to buy herds of cattle. The credit in these instances was based upon the soundness of the program, the know-how and character of the borrowers. If these loans turn out successfully, they will make a new step in commercial banking and one that will have marked influence on placing credit control in the hands of the local bank instead of in a Government bureau.

"This bank had great leadership and here is the pay-off. The increase in deposits for the United States from December 31, 1940 to December 31, 1950, was 142 percent; the increase in the State of Georgia was 215 percent; the increase in the trade territory in which the winning bank operates was 369 percent.

"What better proof could you have for the soundness of that bank's program and leadership?"

Achievement Awards

THREE Stonington, Connecticut, high school boys have received cash awards totaling \$100 from the Stonington Bank & Trust Company, for achievements in agriculture. The awards were made by Secretary George E. Nelson at the annual Future Farmers of America banquet. Alexander Dyndiuk, president of the local FFA chapter and winner of a youth award by the State Development Commission, received the \$50 first prize.



Mr. Sibley, left, and Mr. Mills, right, are shown with the Robert Strickland Agricultural Memorial Award Plaque, which, with a \$2,000 scholarship, was presented to the Screven County Bank of Sylvania, Georgia

Local Banking Helps County Prosper



In "on the farm" visit Banker Pyeatt (left) and broiler grower L. E. Wyatt, Letona, Ark., discuss condition of Wyatt's 10,000 broilers. Purina Salesman E. C. Hencke and Purina Dealer Doyle Kelso look on.

Fryers and Broilers in White County, Ark.: 253,000 in 1945 . . . 1,000,000 in 1950

"Sound financing is necessary; agricultural financing can be sound and profitable."

These are the words of Ewing Pyeatt, able president of the Searcy Bank, Searcy, Ark., and one of the leading forces in development of White County.

"In agricultural business we have these factors to consider: character of the person, reasonable collateral, skilled advice, plus the grower's work.

"We have arranged many loans through Mr. Doyle Kelso, the Purina Dealer in Searcy. His knowledge of local farmers and of requirements for raising livestock and poultry have been important factors in this financing."

Here is still another example of cooperation of a banker and a Purina Dealer in building the prosperity of the farm community.



OPPORTUNITIES IN YOUR COMMUNITY

There are new opportunities for community building in your town, too. Why not make it a point to talk over the livestock and poultry possibilities of your area with your Purina Dealer soon?

If you do not have a Purina Dealer in your town now, find out about the Purina Franchise as an opportunity for young men in your community. Purina Chows for livestock and poultry and Purina Sanitation Products are distributed from 32 strategically located plants and carry the Checkerboard label, rural America's best-known trade-mark.

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When Bankers Favor Conservation Loans

L. R. COMBS

The author is employed by the Soil Conservation Service of the United States Department of Agriculture and makes his home in Milwaukee, Wisconsin.

BANKERS approve of lending money for soil conservation purposes and believe that now is a good time for farmers to develop long-time programs to conserve soil and maintain or rebuild productivity. They report satisfactory experiences with such loans but are not getting many requests from farmers for such help because farmers generally are in a good financial position.

Those are the overall conclusions to be drawn from a survey of Illinois bankers by E. L. Sauer, economic research man for the U. S. Soil Conservation Service, and L. J. Norton, professor of agricultural economics, University of Illinois College of Agriculture, Urbana. Eighty-four bankers replied to the questionnaire.

Drainage Loans

Sixty-one bankers reported that they had made loans for improvement of drainage systems, construction of terraces, gully control, and establishment of grassed waterways. Forty-two had financed the construction of dams and farm ponds.

Seventy-six bankers had made loans for purchase of limestone or fertilizers. Nearly an equal number have loaned money for the purchase of added livestock or construction and improvement of farm buildings required to make profitable use of increased supplies of roughage resulting from a conservation program.

For the above purposes, these bankers lent an average of \$55,666 each during 1950. Seventy-eight of the 84 bankers reported that their experience with such loans had been satisfactory over a period of years. An equal number reported that most of their farmer clients are interested in building up the long-term productivity of their land but estimated that a little less than half of them have a fairly complete plan.

Complete Program Favored

In general, the bankers favor the farmer having a complete program, such as he develops in cooperation with his soil conservation district and with technical assistance of the U. S. Soil Conservation Service. Comments on the questionnaire indicated that they regard this as good assurance that the farmer will be in a stronger financial position—a benefit to the community whether he is a bank borrower or not. Some of the bankers replying to the survey pointed out that they should know what the complete program is to be before financing any conservation loans for any part of it.

Sixty-four of the 84 bankers indicated that they would finance a farmer in a long-term program which would temporarily reduce his cash income and repayment ability if it promised to increase his income in three to five years. On the other hand, only eight



Poorly drained land does not, of course, produce maximum crops, hay or pasture. A good tile or open ditch drainage system would enable farmers planting fields like the one shown in the picture to make a profit on the money invested

bankers indicated that their policy is to make loans of one to three years' duration and none reported making longer loans for soil conservation purposes. This is largely explained by comments that they have been getting few requests for such loans.

Twenty-six indicated that they would be willing to set up a loan to cover the complete farm conservation plan. Twenty-five others indicated that, while the farmer should have his plan completely worked out so he knows what he will do, the loans could be taken care of in smaller amounts as the various conservation measures in the plan are put into practice.

Opinion on Long-Term Plan

Opinions as to whether now is a good time for farmers to invest money in long-time improvements varied widely, with 59 of the 84 bankers saying, "Yes," and 15 "No." Typical of comments from those voting with the majority was: "Yes, our land must be kept productive"; "Yes, if he (the farmer) has a good setup and is not too heavily in debt"; "The high price of farm land makes it better for farmers to build up productivity of what they have rather than to buy more acres."

Others dropped a word of caution about increased costs of labor and material and uncertainty of the future but added that, "Due to labor and overhead cost, it is necessary to get the highest production per acre. Even though costs of soil improvement now are high, the increased production at present prices should offset the increased costs."

The bankers in many cases indicated that their replies were made on the assumption that the farmer is a good manager and "the right kind of individual."

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WHEREVER THERE'S BUSINESS THERE'S

Burroughs



Banker-Teacher Team Makes Things Hum

HAROLD SEVERSON

MR. SEVERSON writes on agricultural subjects for several magazines. He is a frequent contributor to **BANKING**.

DOWN in Vine Grove, Kentucky, a short distance from Abraham Lincoln's birthplace, an unusual banker-teacher partnership literally is transforming an entire community—and with it the school.

The banker is A. J. Emerine, cashier of the Farmers Bank at Vine Grove. The teacher is Jim Alton. Through their efforts, the school has become one of the finest in the state and the community's living standards have been raised.

From Bleakness to Master Plan

The partnership dates back to the late 1930s when hard-working Jim Alton came to Vine Grove as school principal. He faced a bleak prospect. The pupils didn't much care whether they went to school. Neither did their parents. Out of 153 students, an average of one out of every 10 would stay at home every day. Sickness was one reason; another was the fact that the youngsters had to help with farm work.

Mr. Alton thought over the problem. Then he decided that the situation was so bad that the only change could be for the better. So he evolved a master plan that today has hiked the enrolment from 153 to 850 pupils and given the school an attendance of 96 percent. State education officials in Frankfort say this is much better than most schools ever expect to attain. What's more, the schools ranks at the top when county scholarship tests are held.

Bank Loan Fills a Gap

Mr. Emerine, the Vine Grove banker, worked hand in hand with Mr. Alton to make these changes possible. Their first contact came when the principal broached the subject of a loan.

Mr. Emerine, left, discusses a community project with Mr. Alton



"We need a moving picture projector," he explained. "It will cost \$650, but the school needs it."

Mr. Emerine thought it over and then made the loan on a personal note signed by Alton.

At first many townspeople believed Alton's ideas were impractical and the idea of weekly moving picture shows at the school was rated as decidedly foolish.

But the movies clicked. In a year's time the receipts at the weekly show paid for the projector. So Mr. Alton promptly hurried over to the Farmers Bank and borrowed funds to purchase 15 typewriters for the school. Students paid a small fee to use the typewriters and before many months had passed, Mr. Emerine stamped this loan "paid."

Cannery Is Built

This was only the start of the many loans which the Farmers Bank made to Jim Alton over the next few years. For example, when the idea of a community canning plant presented itself to Alton one day, he talked it over with the quiet, reserved banker. As a result, a big cannery was built that served the entire community for a radius of about 250 square miles. Each summer, more than 500 families make use of the canning plant to preserve vegetables and fruits produced in

their own gardens and orchards.

The next step was to erect a community abattoir—folks around Vine Grove call it a slaughterhouse.

Frozen Food and Abattoir

But even a community canning plant and abattoir are not enough when a town has a citizen like Jim Alton buzzing around. So before long a well-equipped frozen-food locker plant was constructed. Then he was instrumental in seeing that an abandoned NYA camp was purchased. The nice thing about this setup is that this made possible 12 apartments which are rented to the teachers for very low prices.

Between Jim Alton and Banker Emerine, all these things were purchased and paid for. Two years ago, however, some of the leaders in the village formed the Vine Grove Community Service Corporation. Its function is to keep check on the numerous enterprises which the organization has started around town, and to take care of the bills. Emerine is vice-president and Alton president.

Folks around Vine Grove will tell you that it takes a partnership like Alton, Emerine & Company to get things going. Without Mr. Emerine's full-hearted approval, very few of the projects Alton has attempted would have succeeded. [END]



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AND TRUST COMPANY**

PITTSBURGH 30, PENNSYLVANIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

Has Credit Been Restrained?

BEGINNING in August of last year, the Federal Reserve System started to adopt policies to restrain the inflationary expansion of credit. These policies involved: (1) raising the rediscount rate; (2) attempting to restrain consumer and real estate loans under regulations W and X; (3) urging voluntary credit restraint by banks and other lenders; (4) increasing the reserve requirements of member banks; and (5) "directing the System's Open Market activities toward discouraging holders of Government securities, particularly the banks, from selling such securities in order to obtain funds for the extension of credit. (A moderate rise in interest rates, especially in short-term sector, was a necessary consequence of such policy.)" (The quotation is from the annual report of Federal Reserve Bank of New York, p. 23.)

Now that these policies have been in effect for about 10 months it seems appropriate to ascertain whether credit has or has not been restrained. One measure of the size of the credit base is to be found in total of Federal Reserve credit from month to month. The chief factor in Federal Reserve credit is now the portfolio of Government securities. A concomitant gauge, affected by other factors than the mere size of the government portfolio, is the change in the total of member bank reserve balances. Examination of these thermometers of credit totals for the 10-month period divides itself into three periods:

(1) The six months from June 28, 1950, to December 27, 1950, during which the longer term ineligible bonds were supplied to the market at constantly lower prices until September 6, after which market stabilization operations resulted in purchases of these issues.

(2) The month of January and the first week of February 1951, during which the increased reserve requirements amounting in all to about \$2,100,000,000 became effective; and

(3) The period from February 7 to April 25, during which—and after the "accord" was reached between the Federal and the Treasury early in March—the prices of the longer term Government bonds were permitted to sink below par.

In the first of these periods the Federal portfolio rose \$2,120,000,000 while member bank reserve balances increased about \$1.2-billion.

In the period when reserve requirements were increased, the rise in the Federal portfolio was about \$1.3-billion, and in the period of the sharp price decline another \$1.3-billion was added. In these two latter periods member bank reserve balances increased \$2,500,000,000.

Hence, for the 10-month period the rise in Government holdings of the Federal Reserve System was over \$4.7-billion—accounting for most of the rise in Federal Reserve credit of about \$5.2-billion for the period—while at the end of the period member bank reserve balances were nearly \$3.2-billion higher than 10 months earlier. Both gauges of the credit supply appear to have shown no evidence of restraint.

Were Sales of Longer Term Bonds Discouraged by Lower Prices?

Examining the changes in the maturity schedules of the Federal Reserve portfolio for the three periods covered throws some doubt on the effectiveness of lower prices as a deterrent to sales. Here are the facts.

Taking the changes in the "over 5-year" classification for the three periods we find that:

(1) In the last six months of last year the sales of these issues from July 1 to September 6 were not quite offset by subsequent purchases. For the period these holdings showed a small *decline* of \$95,000,000.

(2) During January and the first week in February the price of the "Victory" 2½s was held at 100-22/32 but the Federal Reserve holdings of "over 5-year" issues only increased \$162,000,000. The increase in the total portfolio of \$1.3-billion was chiefly composed of the shorter term issues which member banks found it necessary to sell to meet their higher reserve requirements.

(3) But during the period from February 7 to the end of April, with the sharp price decline after March 6, the Federal Reserve holdings of the "over 5-year" bonds increased over \$1.25-billion, while there was very little change in the "less than 5-year" maturity classification. In addition, U. S. Treasury investment ac-

counts were reported to have acquired over \$750-million of the longer bond issues.

Instead of being a deterrent to sales, the lower prices were accompanied by an increase in the volume of offerings. What is needed is some pretty definite evidence that prices have stopped declining. Until such evidence is forthcoming not only will necessitous sales be made, but some—otherwise unnecessary—sales are likely as a protection against a possible further decline.

The Market Makes a "Low"

A slight improvement in the market in the first 10 days of April, as the end of the month tight money conditions eased off, was followed by a renewed attack of nervousness which culminated on April 19 when new low prices were registered for pretty much the entire list.

When the market closed that day all but one of the non-eligible $2\frac{1}{4}$ and $2\frac{1}{2}$ percent bonds were offered below 98. The exception was the $2\frac{1}{2}$ s 6/15/67/62 which became eligible on May 5, 1952. Both the longest $2\frac{1}{2}$ s 72/67 and the $2\frac{1}{4}$ s 62/59 at 97-4/32 were threatening to break the 97 level. Among the eligible issues the "bank" $2\frac{1}{2}$ s 72/67 had broken par to the extent of 10/32nds. While the bid for the $2\frac{1}{4}$ s 59/56 was only 99-30/32.

Even more indicative of the uncertainty was the strange sight of three of the 2 percent bond issues callable in 1951 and 1952 being offered below 100. Not only was there a complete disappearance of any "rights value" but such prices cast doubt on the ability of the Treasury to refund a 2 percent coupon at a worthwhile interest saving all the way to the end of 1952.

Somebody Says "Far Enough"

At this point it became evident that intimations had been given to dealers from official sources to the effect that prices were "low enough." In any case, for the following week prices improved; the discount on the short 2 percent bonds disappeared; the "bank" $2\frac{1}{2}$ s got above 100½ and gains of a half to three quarters of a point were general. Comment was to the effect that supply and demand were more nearly in balance and that a market "free" from the leading strings of the Open Market Committee was at last developing.

After that, some price reaction occurred but the month ended with prices still slightly above the earlier lows; and without the benefit of any further purchases of the longer issues by the Open Market Committee. In short, the stage seemed to be more appropriately set for the next act, in which Treasury financing will have the star roll. The renewed appearance of the "star" on the stage after an absence of five months will need the support of the entire cast. The curtain goes up soon and the act lasts the rest of the year.

Nature of Refinancing

Nearly \$15.5-billion of called and maturing Government issues must be refunded from June 15 to August 1. General opinion has reached the logical conclusion that both the present distorted short term interest curve and the character of the ownership of the maturing issues make it necessary that the new issues be of short term with realistic coupons. Otherwise refusal of exchange would result in a cash drain on Treasury funds, which would be highly undesirable. Repetition of the result of the refinancing in September and October of last year, when the Treasury had to pay out nearly \$2.5-billion, must be avoided if possible. Of the \$13,786,000,000 of $1\frac{1}{4}$ percent notes maturing July 1 and August 1, commercial banks own about 30 percent, the Federal Reserve about 25 percent and "all others" about 41 percent. These "all other" holdings largely represent corporate funds for temporary investment. Their renewal must be temporary also. To assure acceptance of the exchange not only must the maturity be short, but the rate high enough to give reasonable assurance that no market depreciation is expected.

To get this assurance some pretty clear evidence will be required that short term rates have reached their peak. We suspect that something of that sort will be forthcoming. The answer of the Treasury to this problem will be given before this is read, but those are the conditions which must be met if the exchange offers are to be successful.

Final Results of the Issue of New $2\frac{3}{4}$ s

The recent offer to holders of the over \$19.5-billion
(CONTINUED ON PAGE 103)

2% Bonds 9/15/53/51 Not Called

TO lessen the volume of refinancing the Treasury announced that the \$7,986,000 of 2 percent bonds 1953/51 would not be called on September 15, but that the \$755,000,000 of 3 percent bonds would be retired. This assures that the 2's will remain outstanding for at least another six months, or until some worthwhile interest saving could be made.

The decision to leave the bonds outstanding indicates that the Treasury has given up any expectation that by September the interest rate

structure will be more favorable to refunding operations.

The effect of the decision on the market is bound to be unsettling. It is probable that there will be new low prices for the longer bonds. These prices will generate some additional sales. "Market cushioning" operations by the Open Market Committee will quite probably result in the acquisition of many more bonds than if the 2's had been called.

New Series of Treasury Savings Notes

Beginning May 15 a new series of savings notes became available. The

rates have been made more realistic. The return for six months will be 1.44 percent instead of 0.98 percent on the present series, and 1.88 percent for three years instead of 1.40 percent. This is in line with the Treasury's desire to stimulate "other than bank" investment.

The selection of the new rates perhaps gives some indication of a new base curve for the shorter term. Is it around those levels that some stabilization can be expected? Will the heralded—but not yet arrived—cooperation between the Treasury and the Federal Reserve begin to operate? No answer has yet been given.



GENDREAU

The author is a financial writer on the New York Herald Tribune.

PAPER manufacturing companies of all descriptions are enjoying an excellent position. Most concerns in this field have raised their dividend rates gradually, and distributions to shareholders are protected, generally, by a wide earnings margin.

Rising consumption of paper and paper-board, stimulated by the demand for new products and new uses of older products, has been one of the greatest boons. There seems to be no end to expansion.

The paper industry set a new production record of about 24,000,000 tons of paper and board in 1950. This was 18 percent above the 20,330,000 tons produced in 1949 and was 10 percent higher than 1948 figures.

Indeed, 1950 was a year of record profits, even though taxes took a considerable slice of earnings. However, the industry as a whole seems to be in an excellent position to be able to adjust itself to a semi-defense economy.

Hardly any conversion is necessary in this field. The armed services merely require larger amounts of paper-boards for packaging and a considerable volume of printed and written materials also make necessary greater use of paper.

In fact, the days of the 1930's,

The Paper Industry

H. EUGENE DICKHUTH

when the industry was plagued by problems of overcapacity and overproduction, seem to be very far away indeed.

While capacity has increased more than 15 percent since the end of the last war, demand still exceeds production in many items. It may be said with a fair degree of accuracy that the current prosperity of the business does not rest upon abnormal demands of the defense production boom, but that it is rather solidly anchored in the American standard of living.

More paper products are being used in this country than anywhere else in the world. Paper products have replaced many other materials in the field of packaging. One instance is the paper-board carton which has, almost universally, taken the place of the wooden crate or box for shipping purposes.

While both are made essentially of wood, the reason for this phenomenon is that paper boxes, paradoxically, cost less and save space and weight.

Also, kraft-paper multi-wall bags have displaced jute and other fibers for packing such products as flour and cement, for example. And the familiar glass milk bottle, in many

areas of the country, has become extinct in favor of the paper container.

These are just a few of the examples which come to mind readily. Other advantages of paper containers and boxes over wood or those made of other materials lie in their possibilities of disposal. Paper boxes, if not re-used, can be burned with ease in both city and country dwellings as well as in industrial establishments.

Apprehension has been expressed in many quarters over the possibility that increased use of paper and, thus, wood or timber, may lead to exhaustion of these natural resources. This is not necessarily the case, since large wood consumers, including the large paper and rayon companies, have adopted long-range reforestation plans and schedules which will assure future supplies for many years to come.

Experts insist that the growth of paper products has not yet reached its limit—some say it has hardly scratched the surface and possibilities. These people point to the fact that the paper handkerchief, for example, is still growing in consumer acceptance because of its convenience.

(CONTINUED ON PAGE 108)

Other Investments

INVESTMENT bankers are having a fairly full schedule these days in connection with both corporate and municipal issues. Stock offerings in good part are of the standby variety where holders of outstanding shares have prior rights to new securities.

Generally speaking, however, the new issue market is unsettled because of the prevailing uncertainty regarding the trend of Treasury obligations.

An outstanding exception was the marketing of \$50,000,000 Province of Ontario bonds. An excellent institutional and private demand swept the securities off the market and in counter dealings a premium of a good fraction was bid. The fact that inflation is under better control in Canada than in the United States may have contributed to this good result.

Building Strength for the Free World

Highlights from the Annual Report of Standard Oil Company (New Jersey)
for 1950... a year of record activity*

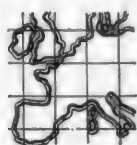
Standard Oil Company (New Jersey) is an American corporation which has, in varying degrees, investments of capital and technical knowledge in a large number of operating oil companies, both in the United States and abroad. In 1950, these companies:

IN THE U. S. A.



Drilled over a thousand new wells, with an unusually high proportion of producers . . . Improved and expanded refineries in New Jersey, Maryland, Louisiana, and Texas . . . Completed a new continuous wax-making plant at Bayonne, N. J. . . . Added 370 miles to Texas crude oil pipeline systems . . . Started doubling the capacity of a products pipeline across Pennsylvania . . . Let contracts to increase by 85% the capacity of a pipeline from Baton Rouge to the Southeastern states . . . At government request, re-activated two government-owned Butyl rubber plants; also continued operating two others which have been producing constantly since 1943 . . . Invested over 20 million dollars in laboratory research for new and improved processes and products.

IN WESTERN EUROPE



Proposed a plan which ended gasoline rationing in England . . . Went ahead of schedule in construction of a new refinery at Fawley, England, to be the largest in Europe . . . Expanded, improved or started construction of refineries in Norway, Belgium, West Germany, France, and Italy . . . Opened many new service stations, which served not only local motorists, but some 18,000 American tourists . . . Supplied 28% more fuel oil than a year ago, to meet needs for industrial expansion . . . Met the greatest demand for asphalt for new road building ever experienced in these areas.

IN THE MIDDLE EAST



Stepped up oil production substantially in Saudi Arabia . . . Opened the vitally important Trans-Arabian Pipeline system from oil fields on the Persian Gulf to the Mediterranean . . . over 1,000 miles of 30- and 31-inch pipe . . . Started construction of a large-diameter pipeline extending 550 miles from Iraq to the Mediterranean.

IN THE FAR EAST



Expanded production of crude oil in Indonesia and explored for oil in Papua . . . Increased output of refineries in Australia, Sumatra, Japan.

IN CANADA



Produced nearly 50% more oil than a year ago . . . Made new oil and gas discoveries in Ontario and Alberta . . . Operated nine refineries at 14% greater output than a year

ago . . . Opened a new 1,100-mile pipeline system from Alberta to Lake Superior, to carry crude oil toward the major Canadian refineries and markets.

IN SOUTH AMERICA



Set a new production record in Venezuela, second largest oil-producing country in the world . . . Operated the big Aruba refinery in the Netherlands West Indies at a higher rate than ever before . . . Met sharply increased call for products throughout the continent, to support the vigorous post-war development.

IN OCEAN TRANSPORT



Received the last 4 of 12 super-tankers ordered two years ago . . . Ordered 6 more new tankers . . . Operated an ocean-going tanker fleet of 117 vessels, totaling over 2 million deadweight tons.

IN EMPLOYEE RELATIONS



Continued the same favorable labor relationships that have prevailed for more than three decades, with no strikes in domestic operations.

THE YEAR ENDED . . . THE JOB GOES ON. In 1950, for the first time, world use of oil outside the Iron Curtain passed 10 million barrels a day. For comparison, it was just over 7 million in 1945, the peak war year.

This is significant to free people everywhere. Oil supplies in today's world are closely linked to living standards and national strength.

It seems clear that more and more the world will look to oil to help keep it free and progressive. More and more it becomes clear, in meeting that need, that the American-developed business process of risk and result . . . of competition spurring corporate ingenuity and responsibility . . . is a strong and flexible system for promoting the welfare of people.

* We will be pleased to send a copy of the full report to anyone wishing it. Write Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

FINANCIAL SUMMARY

Standard Oil Company (New Jersey) and Consolidated Affiliates

Total income from sales, services, dividends and interest . . . \$3,198,266,000	Taxes collected for governments . . . \$294,749,000
Net income . . . \$408,223,000 or \$13.48 per share	Wages and other employment costs . . . \$548,205,000
Dividends . . . \$151,028,000 or \$5.00 per share	Spent for new plants and facilities . . . \$295,132,000
Taxes paid . . . \$276,000,000	Number of stockholder-owners . . . 222,000
	Number of employees . . . 116,000

STANDARD OIL COMPANY (NEW JERSEY)
AND AFFILIATED COMPANIES

BANK LAW NEWS

Assignment of Claims Act—Various Cases

ASSIGNMENT OF CLAIMS ACT

Congress acts to eliminate satisfaction of Government claims against contractors at expense of lending institutions.

FINANCING of the defense program by banks and other private lending agencies has been facilitated by passage of P.L. No. 30 amending the Assignment of Claims Act of 1940 (54 Stat. 1029). Passed by the Congress on May 2, and signed by the President on May 15, 1951. The new law became effective on that date.

The purpose of the amendment is to assure that loans to finance defense contractors may be made on the security of assignments of the contractors' claims against the Government for moneys due or to become due under the contracts, without the risk that the Government may withhold payments to the lenders, or recover them from the lenders at some time after payment, because of Government claims against the contractors arising from causes other than nonperformance of the contracts for which the loans were made.

When the Assignment of Claims Act was enacted in 1940, it was believed that it was the intent of Congress that lending institutions should have such assurance, and that it had been given to them in the provision of the Act for "no set-off" clauses: *"Any contract entered into by the War Department or the Navy Department may provide that payments to an assignee of any claim arising under such contract shall not be subject to reduction or set-off, and if it is so provided in such contract, such payments shall not be subject to reduction or set-off for any indebtedness of the assignor to the United States arising independently of such contract."*

In reliance upon the provision,

banks proceeded to finance defense contractors on the security of assignments of their claims against the Government. Contractors with limited working capital and relatively small tangible net worth were thus enabled to accept contracts for defense work and then obtain the funds to proceed with the work by borrowing from the banks on the security of their contracts. It was expected that when the work was completed satisfactorily the banks would have first claim upon money due from the Government for the work, in order to repay the loans. Thus, assignments of claims became the principal form of security for bank loans to war contractors under the successful V-loan program of World War II.

Since the war, however, various Government claims against war contractors, which were assumed to have arisen independently of assigned contracts, were nevertheless held by the Comptroller General of the United States to be recoverable from amounts still due or already paid to banks to which the contractors had assigned defense contracts.

These rulings made financing institutions naturally reluctant to lend on the security of assignments of claims under the current national defense program, since their acceptance of such collateral left them vulnerable to undisclosed liabilities of contractors to the Government. The risk was greatest in the case of marginal contractors, most in need of financing, and for whose assistance the V-loan program was intended.

It was to eliminate the effect of these rulings that the American Bankers Association sought the enactment of P. L. No. 30, which provides that:

(1) Assignees may not be required to repay to the Government

any amounts received after July 1, 1950, under assigned contracts on account of any liability of the assignor arising either from the contract or independently of it, and regardless of whether it contained a "no set-off" clause.

(2) Payments to be made in the future under assigned contracts containing "no set-off" clauses *"shall not be subject to reduction or set-off for any liability of any nature of the assignor to the United States or any department or agency thereof which arises independently of such contract, or hereafter for any liability of the assignor on account of (1) renegotiation under any renegotiation statute or under any statutory renegotiation article in the contract, (2) fines, (3) penalties . . . , or (4) taxes, social-security contributions, or the withholding or nonwithholding of taxes or social-security contributions, whether arising from or independently of such contract."*

(3) In addition to the existing authorization to the Defense Department to use "no set-off" clauses in its contracts during times of war or national emergency, similar authorization is given to the General Services Administration, the Atomic Energy Commission, and any other department or agency designated by the President.

(4) Contracts entered into before a war or national emergency may be amended to include "no set-off" clauses.

The new law does not affect the right of the Government to set off amounts due because of a contractor's failure to comply with the terms of a contract, or as a result of price revision under price retermination provisions in the contract, or as a result of failure of the contractor to pay minimum wages

(CONTINUED ON PAGE 82)

We've just completed new quarters for:

9 banks in the city  of Cincinnati

7 banks in the capital  of the U. S.

33 banks in the state  of Florida

why this record is important to you
if you are planning a similar project:

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June 1951

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EROSION knows no boundaries!

Fence rows and farm boundaries mean nothing to the destructive work of erosion. We must put the tools of conservation to work if we are to save our soil and protect its fertility.

This means planning ahead . . . leaving grassed waterways . . . building ponds . . . contouring and strip-covering the slopes . . . rotating crops . . . planting legumes . . . making mulches . . . leaving marginal areas in timber and grass land. In short, *it means working together to make the best possible use of our land's resources.*

Your own welfare . . . as well as that of future generations, depends upon our accomplishments. Conservation is not a problem for any one group. It's a job for all of us . . . for we who design and build farm machinery . . . for the farmers who use it . . . and for you who work with and guide our 6 million farmers.

The Massey-Harris Company
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FOR PROFITABLE
FARMING

*Make it a
Massey-Harris*



(CONTINUED FROM PAGE 80)

required by the Davis-Bacon and Walsh-Healey Acts, or from his violation of the Eight Hour Law.

A requirement of the existing Assignment of Claims Act, that copies of assignments be filed in the General Accounting Office, is eliminated by the new law. True copies of assignments must still be filed with the contracting officer, sureties, and the disbursing officer, but since one of these copies can be attached to the contract for audit purposes, the filing of an additional copy in the General Accounting Office was considered unnecessary.

It is also expressly provided that P. L. No. 30 shall not affect or impair rights or obligations accrued prior to its enactment.

Other Cases of Interest

FACTOR'S LIEN

The United States Court of Appeals for the First Circuit holds that when a bank and a borrower agreed to create factors' liens on all of the borrower's future accounts receivable, but there was no formal assignment to the bank of each amount as it arose, nor any notice of the assignment to the account debtors, no factors' lien was created under New Hampshire law and the bank was not protected when the borrower became bankrupt. *Manchester Nat. Bank v. Roche*, 186 F.2d 827.

SAVINGS AND LOAN

The Court of Appeals for the Third Circuit affirms a District Court's dismissal of the complaint of a national bank seeking to enjoin as unauthorized the opening of a Federal savings and loan association branch near the bank. The Court holds that the act authorizing any Federal savings and loan association to lend money on mortgages within a 50 mile radius of its home office implies that they may have branches distinct from their "home office." *North Arlington Nat. Bank v. Kearny Fed. Sav. & L. Ass'n*, 187 F. 2d 564.

DEPOSITS

Oklahoma's Supreme Court holds that the contractual relationship of debtor and creditor between a bank and its depositor must be created with the latter's express or implied

authority, so that a deposit made to the credit of a person without his authority, knowledge or consent does not create a debtor-creditor relationship between the bank and that person. Security State Bank of Comanche v. Johnston & Co., 228 P. 2d 169.

DEPOSITS IN TRUST

(1) New York's Supreme Court for Monroe County holds that a deposit by one person in his own name as trustee for another creates a tentative trust which may be made irrevocable during the depositor's lifetime by some unequivocal act or declaration, such as delivery of the passbook or notice to the beneficiary. Therefore, says the court, when a wife who has brought a separation suit against her husband seeks to sequester all of his property, and he maintains that two bank accounts in his name in trust for his two children by a prior marriage are not his property, the accounts cannot be ordered turned over to the wife unless it has first been decided that an irrevocable trust has not been created. *McKendry v. McKendry*, 103 N.Y.S. 2d 183.

(2) In California a Mrs. Kinkade placed money with a savings and loan association in her own name in trust for a friend, then wrote to the friend telling her that the money was for the use of her son and then, still later, made a will intentionally excluding her son and leaving all her property to her niece. California's Supreme Court holds that her first act created a tentative trust revocable at will, that the subsequent letter seeking to change the terms of the tentative trust was testamentary in nature and met the requirements of a holographic will, but that its effect was nullified by her later will which revoked all prior wills. The "savings account," as the court terms it, is held to have passed to Mrs. Kinkade's executor rather than to her friend in trust for her son. *Brucks v. Home Federal Sav. & Loan Ass'n*, 228 P.2d 545.

A confidential memorandum in business deals with something everybody knows, but it's typewritten instead of mimeographed.

WASHINGTON'S STATE-WIDE BANK



★ SEATTLE-FIRST NATIONAL BANK

STATEMENT OF CONDITION

At Close of Business April 9, 1951

Resources	Totals
Cash and Due from Banks	\$175,068,718.32
United States Government Securities	151,403,721.90
Obligations of Federal Agencies	8,965,743.70
State and Municipal Securities	76,766,998.53
Other Bonds and Securities	4,842,657.76
Loans and Discounts	245,289,067.46
Federal Reserve Bank Stock	720,000.00
Bank Buildings, Vaults, Furniture and Fixtures, etc.	5,767,303.93
Interest Earned Not Received	2,028,096.92
Customers' Liability under Letters of Credit and Acceptances	4,136,002.31
TOTAL	\$674,988,310.83

Liabilities	
Capital Stock	\$ 12,000,000.00
Surplus	12,000,000.00
Undivided Profits	8,418,385.67
Reserves for Contingencies	5,603,828.23
Reserves for Interest, Taxes, etc.	1,989,512.93
Discount Collected Not Earned	1,899,998.25
Letters of Credit and Acceptances	4,136,002.31
Deposits	628,940,583.44
TOTAL	\$674,988,310.83

Board of Directors

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	Russell Miller	



SEATTLE-FIRST NATIONAL BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Other Organizations



Officials of the Colorado Bankers Association meet Washington officials. *Left to right, seated:* Comptroller of the Currency Delano, CBA President Sayre, FDIC Chairman Harl. *Left to right, standing:* CBA Secretary Scarboro, President Breeze of the Bank of Kremmling, Colorado; Colorado State Bank Commissioner Goldy; President Cruse of the Routt County National Bank, Steamboat Springs

A Nebraska Bank Week, to be held from September 17 to 22, has been announced by Earl H. Wilkins, president of the **Nebraska Bankers Association**. During the observance, the public will be invited to visit banks in all the state's communities, and many banks will plan special days for farmers, children and other groups. Promotion material is being prepared by the NBA, including display cards, folders and printed invitations.

* * *

Career for Two is the latest motion picture production of the **Savings Banks Association of the State of New York**. It is a 16-mm. sound film in color, combining live action and cartoon-type animation. Its running time is about 18½ minutes.

The story of *Career for Two* concerns a young writer who has been given the job of producing a television script on savings banks. Convinced at first that the assignment will be a dull one, he soon changes his mind—with the help of the young and pretty secretary of the bank's president.

This and several other films are available for free showing throughout New York State through the **Savings Banks Association**.

* * *

An unusual public service of a group of banks is the editorial material on the Saturday financial page of the *Bergen Evening Record*, published in Hackensack, New Jersey. The banking group is the **Bergen County Bankers Association**, which, it goes without saying, is indebted to the newspaper for the space used.

Two regular features on this financial page are up-to-date statistics on "Bergen County Banking Activity" and "Bergen County Business Activity." The rest of the page is open to the association for any editorial matter it wishes to publish.

Reprints of the activity statistics were recently distributed to associa-

Below, Class in Banking for Women, conducted by the Essex County Chapter of the American Institute of Banking





Left, Joseph M. Dodge, president, The Detroit Bank, and former president of the American Bankers Association, is the new president of the Reserve City Bankers Association



Right, Carl G. Freese, president and treasurer, Connecticut Savings Bank, New Haven, has been elected president of the National Association of Mutual Savings Banks

tion members in order that they might call their customers' attention to this newspaper-banker service.

* * *

While most progressive company managements have developed modern methods of ascertaining manufacturing costs of products, comparatively few possess equally good methods

for measuring the nonmanufacturing costs attributable to products and product lines, it is revealed in a national research study entitled *Analysis of Nonmanufacturing Costs for Management Guidance*. The report was prepared by the committee on research of the National Association of Cost Accountants.

The NACA study is based on an analysis of cost methods used by 70 major companies to determine the relative profitableness of individual products or product lines, sales territories, salesmen, customer classifications, distribution channels, customer services, etc.

While this study is primarily concerned with cost analysis for management guidance, it was pointed out that in the present national emergency many companies may be placed at a considerable disadvantage because of a lack of adequate and supportable costs attributable to products and product lines. This dis-

SOME NEW STATE ASSOCIATION PRESIDENTS



Left to right: ARKANSAS—J. W. Bellamy, Jr., president, National Bank of Commerce, Pine Bluff; LOUISIANA—Cecil K. Colon, executive vice-president, Calcasieu-Marine National Bank, Lake Charles; IOWA—J. H. Pullman, vice-president, Fremont County Savings Bank, Sidney (elected October 1950); KANSAS—W. W. Chandler, president, Chandler National Bank, Lyons



Left to right: OKLAHOMA—H. D. Hinson, vice-president, Prague National Bank, Prague; MISSISSIPPI—L. G. Simmons, president, Bank of Pontotoc, Pontotoc; GEORGIA—George M. Bazemore, president, First National Bank, Waycross; NEW JERSEY—Elwood F. Kirkman, president, Boardwalk National Bank, Atlantic City

advantage is magnified in the costing of government contracts, renegotiation and price control regulations.

* * *

The 38th annual convention of the **Mortgage Bankers Association of America** and the 12th annual edition of its Exhibit of Building, Industry and Services will be held in San Francisco, September 11 to 14, with the Mark Hopkins and Fairmont Hotels as co-headquarters, Milton T. MacDonald, Jersey City, association president, has announced. William A. Marcus, senior vice-president of

the American Trust Company, San Francisco, has been named convention chairman. Mr. Marcus formerly headed the American Bankers Association mortgage and savings division.

This will be the association's first annual meeting on the Pacific Coast and, according to Mr. MacDonald, advance registrations indicate the largest meeting in the organization's history. Attendance of around 1,900 is expected, he said. A special "Mortgage Bankers" train over the Burlington-Denver Rio Grande-Western

Pacific lines is being arranged to leave Chicago September 9. Other special train arrangements are being made in the East calling for special cars to be attached to Canadian lines.

* * *

More than 900 savings bank officers and trustees, representing the 530 mutual savings banks of the nation, met in Atlantic City May 7-9, and discussed plans for curbing inflationary forces and strengthening the national economy. The occasion was the 31st annual conference of the **National Association of Mutual Savings Banks**. The agenda for the meeting featured national leaders in the fields of government, banking, economics and public relations.

* * *

An unusual program to provide scholarships for post-graduate study in banking has been announced by Lloyd Wiseman, newly-elected president of **Group VI, California Bankers Association**, and assistant vice-president, Crocker First National Bank San Francisco.

A scholarship running for three years at the August sessions of the Pacific Coast Banking School, University of Washington, Seattle, will be awarded to a bank employee in San Francisco Bay Area and adjoining eastern counties, who in the opinion of a five-man scholarship committee, did the most to advance himself in banking during the past year through education, study, or community activities.

The scholarship, sponsored for member banks by Group VI, is worth

Dechard A. Hulcy, president, Lone Star Gas Company, Dallas, is the new head of the United States Chamber of Commerce

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\$300 a year, and covers fees, tuition, traveling expenses, and accommodations at the university for an intensive two-weeks' course. A prospectus of the program has been sent to all Group VI member banks. The scholarship committee was appointed on a geographical basis, and members will handle written applications and personally interview employees in their respective areas.

* * *

Approximately 100 investment banking executives, representing as many member firms, are expected to attend the first Investment Banking Seminar, June 18-23, sponsored by the Investment Bankers Association of America in cooperation with the Wharton School of Finance and Commerce, University of Pennsylvania, according to Laurence M. Marks, Laurence M. Marks & Co., New York, president of the IBA.

This one-week refresher course for officers and partners was initiated by Norman Smith, partner, Merrill Lynch, Pierce, Fenner & Beane.

* * *

The second session of the School of Banking of the South will be held again this year at Louisiana State University, Baton Rouge, for two weeks beginning August 12. This 3-year course for bank officers and others who are qualified will enroll 100 students in this year's freshman class.

* * *

Edmund W. Thomas, president of the First National Bank of Gettys-

Aubrey M. Costa, president, Southern Trust and Mortgage Company, Dallas, has received the nomination (tantamount to election) for the presidency of the Mortgage Bankers Association of America. Election is in September



burg and a former president of the Pennsylvania Bankers Association, has been appointed vice-chairman of the Pennsylvania Week Committee for 1951.

The program of Pennsylvania Week is scheduled for October 15 to 21 and will be administered by the Pennsylvania Department of Commerce.

* * *

The American Institute of Real Estate Appraisers is conducting, during the summer months, a series of case-study courses at Northwestern University, Massachusetts Insti-

tute of Technology, and the University of Southern California. At each school there will be two courses—Real Estate Appraisal I and Real Estate Appraisal II. Dates are as follows:

Northwestern (Chicago campus)—I, June 25-July 7; II, July 9-21.

MIT—I, July 16-28; II, July 30-August 11.

USC—I, August 6-18; II, August 20-September 1.

Credit toward the MAI designation is given to students who obtain satisfactory grades.

WILLIAM P. BOGIE



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Someone once said of Hanson W. Baldwin, "He knows more about what the General Staff is thinking than anyone on the Staff." This was another way of putting what one of the editors of a rival newspaper wrote, that Baldwin is the best military analyst in the country.

Graduate of Annapolis, '24, member of The New York Times staff since 1929, Baldwin has been reporting and explaining military matters to Time readers since 1937. That year, sensing war, he spent four months in Europe learning all he could about the military establishments there. Definitely

Arnold Newman Photo



not a "desk" reporter, Baldwin is ever on the go, shivering through maneuvers in Alaska one week at 40 below, sweating through them the next week somewhere in the Tropics.

In 1943, Baldwin's reporting from our battle areas in the Pacific won him the much coveted Pulitzer Prize, highest honor in American journalism. He went from there to Europe, to be with our forces on D-Day. His stories from Korea were probably the first to explain the new Russian weapons used there. Outstanding, enterprising reporters and editors like Hanson Baldwin, pooling their talents each day,

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BANKING NEWS

Alton Barr Slated for Institute Presidency at 49th Convention in Pittsburgh, June 4-8

Delegates to Celebrate Twenty-fifth Anniversary Of A. P. Giannini Educational Endowment Prizes

The 49th annual convention of the American Institute of Banking will be held at the Hotel William Penn, Pittsburgh, June 4 through 8. J. Kaye Ewart, president of the A.I.B. and vice-president, National Bank of Washington, Tacoma, in announcing the 5-day program notes that it will feature nationally known figures in banking and education.

The two general sessions on June 4 and June 8 will be addressed by Francis Marion Law and by James E. Shelton. Mr. Law, chairman of the board, First National Bank of Houston, Texas, is also chairman of the board of trustees of the Foundation for Education in Economics, member of the board of regents of The Graduate School of Banking and former president of the American Bankers Association. Mr. Shelton is current president of the Association, and president of the Security-First National Bank of Los Angeles. Laurence S. Bell, executive vice-president of The The Union National Bank of Pittsburgh and general chairman of the local convention committee, will welcome the delegates at the opening session.

Much of the intervening time between the general sessions will be devoted to departmental and Institute conferences. The departmental conferences are planned by a committee headed by Pierre N. Hauser, former president of the Institute and vice-president, First Wisconsin National Bank, Milwaukee.

A feature of this year's convention is the celebration of the 25th anniversary of the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes. This year's general topic for the contest is: "Our American Heritage of Freedom."

Another annual feature is the National Convention Debate for the Jesse H. Jones Debate Fund prizes. The debate finalists are chosen on the morning of the convention's first day when the semifinalists meet. The latter are: Philadelphia vs. Spokane and Dallas vs.



Alton P. Barr

Cleveland. The question for debate is: Resolved, That a Federal retail sales tax should be adopted.

The election of officers will be held at the second general session with all candidates for office unopposed. Alton P. Barr, vice-president of the A.I.B. and vice-president of Security Commercial Bank, Birmingham, Alabama, is the candidate for president. Others are: First vice-president, Martin J. Travers, of the Marine Trust Company of Western New York, Niagara Falls; for Executive Council, Frank C. Adams, The Bank of California N. A., Seattle; Leroy S. Clark, The Marine Midland Trust Co., New York; Emmett J. Erickson, Farmers & Mechanics Savings Bank, Minneapolis; and Newton I. Gray, National Bank of Commerce, Norfolk. A fifth candidate for the council has since withdrawn.

Social events arranged by the Pittsburgh banks include a tour of a steel mill, an outing, sightseeing trips, a series of informal dances following the evening sessions, and the grand ball on the evening of June 8. Special events planned for the women unofficial delegates include sightseeing tours, a fashion



A. P. Giannini



J. Kaye Ewart

show, and luncheons at the Pittsburgh Field Club and the Twentieth Century Club.

Presiding at the Institute conferences will be: Educational, J. Ralph Wagner, National Bank of Wyandotte, Mich., and member, A.I.B. Educational Advisory Committee; public relations, D. W. Henney, Security-First National Bank, Los Angeles, chairman, Public Relations Committee, A.I.B.; women's, Dorothy M. Slater, First Trust Company of St. Paul, chairman, Women's Committee; chapter administration, W. Frank Phillips, Commercial National Bank, Charlotte, North Carolina, and chairman, Administrative Advisory Committee; Alvin E. Roemershauser, The Whitney National Bank, New Orleans, and member, Administrative Advisory Committee; and Albert H. Gabel, The Savings Bank of Utica, New York, and member, Administrative Advisory Committee.

Departmental Conference Leaders

At the departmental conferences, presiding officers will be: Trust business and investments, Hugh S. Hauck, vice-president, The Boatmen's National Bank, St.

Record Set by A.I.B. Chapters Entering Publicity Exhibit

A record number of chapters of the American Institute of Banking—33—have entered the 1951 National Publicity Exhibit.

John H. Howard of The Federal Reserve Bank of Boston, Boston, is chairman of the A.I.B.'s National Publicity Committee. The exhibit will be held in Pittsburgh, as part of the Institute's national convention, June 4-8.

For purposes of the contest, chapters are placed in one of three divisions: those with membership of 751 or over; those with membership of 251 to 750; and those with membership of 250 or less. Each chapter binds newspaper clippings, programs, photographs, and similar promotion material in a scrapbook which is put on display at the opening of the convention. These books are judged for appearance and content by three judges—an outstanding banker, an advertising executive, and a newspaperman—and three awards are made in each division.

The National Publicity Exhibit has been held at the A.I.B. Convention since 1908, but was discontinued during World War II. It was started again in 1948 to give chapters an opportunity to display their publicity and promotion programs and to encourage them to keep a permanent record of their functions during the year.

Louis; savings and mortgage, George E. Levine, assistant secretary, Providence (R. I.) Institution for Savings; credits, J. B. Haslam, vice-president, Birmingham (Ala.) Trust National Bank; business development and advertising, Bruce W. McPheeters, assistant vice-president, Security-First National Bank, Los Angeles; bank management and operations, Herbert H. Gardner, president, The Birmingham (Mich.) National Bank, and chairman and president, Ferndale (Mich.) National Bank.

17th G. S. B. Session Will Be June 18-30 On Rutgers Campus

Enrolment of School Remains at Capacity

The 17th annual summer resident session of The Graduate School of Banking will be held at Rutgers University, New Brunswick, N. J., June 18-30.

School officials note that a large number of students or prospective students have been forced to withdraw by reason of being called into service with organized reserve units. Enrolment, however, remains at its capacity of 1,000 because of the ever-present waiting list. The total of first-year students has grown because of this situation to approximately 380.

The banker-students this year will come to Rutgers from 42 states, the District of Columbia, Cuba, and India.

The school's faculty now numbers 58, plus 27 special lecturers. The annual Friday Evening Economics Seminar lecture of Dr. W. Randolph Burgess, chairman of the executive committee of this National City Bank of New York, will be delivered on June 22. This is an annual feature originally given by the late General Leonard Ayres, and taken over at his death by Dr. Burgess. Dr. T. V. Smith, professor of Politics and Philosophy, Syracuse University, will again address the Monday evening seminar, scheduled this year for June 25.

Opening of the new Democrat Hall dormitory on the Rutgers campus will aid in the accommodation of the bankers, but the Jameson and Gibbons campuses of New Jersey College for Women will again be utilized.

The Graduate School of Banking was founded in 1935 by the American Bankers Association expressly to provide advanced study for experienced bankers. Each banker-student, in order to graduate, must: (1) complete three annual two-week resident sessions; (2) complete two years of extension study at home between sessions; (3) prepare a thesis,

acceptable to a panel of examiners, based upon original research into some phase of finance.

Theses of special merit have been placed in the financial library at Rutgers University and also made available for study through the Library of the A.B.A. To date 467 theses have been so honored.



John K. Langum

John K. Langum, Economics Consultant, Joins G. S. B. Faculty

Chicago's "Outstanding Young Man of the Year"

John K. Langum, visiting professor of business administration at Indiana University and widely known economic consultant, has been added to the faculty of The Graduate School of Banking, according to Dr. Harold Stonier, director of the school.

Mr. Langum was until recently a vice-president of The Federal Reserve Bank of Chicago and associate economist of the Federal Open Market Committee. He was in charge of the research department and bank and public relations activities of the Federal Reserve Bank of Chicago for 10 years; and has been a member of the faculties of the University of Minnesota, University of California, University of Chicago, and Northwestern University. He holds a B.A. degree from Colorado College, and M.A. and Ph.D. degrees from the University of Minnesota.

Mr. Langum was honored by the Chicago Junior Association of Commerce and Industry in 1950 as "outstanding young man of the year in Chicago."

A.B.A. Has Material for Credit Restraint Voluntary Program

A kit of informative material about the Program for Voluntary Credit Restraint has been prepared by the American Bankers Association and is available to banks on request.

The kit includes a postcard for ordering in quantity the four-page bulletin, "Program for Voluntary Credit Restraint," available from the Board of Governors of the Federal Reserve System, Washington, D. C.

Another item is a suggested type of letter which may be sent to borrowing customers on the individual bank's letterhead, calling attention to the program's purposes and stressing the banks' desire to lessen inflationary pressures and preserve the purchasing power of the dollar.

A third enclosure is suggested speech material prepared for use by bankers in addressing local organizations. The speech, "A Joint Responsibility for Bankers and Business Men," reviews recent changes in world affairs and domestic economic developments currently increasing inflation.

New Newspaper Ads; Savings and Bank- By-Mail Folders Out

Two new series of newspaper advertisements—one on personal loans under today's conditions and another on savings, featuring Peter Penny, the A.B.A.'s cartoon character—have been completed by the Advertising Department of the A.B.A.

The messages on the "Peter Penny" cartoon ads are in verse form, accompanied by an additional line or two of savings copy.

Two new direct mail folders on safe deposits and banking-by-mail have also been released. The safe deposit piece is entitled "Your Valuables Are Protected Around the Clock." The three-fold banking-by-mail piece uses this slogan: "Bank in the Daytime . . . Bank in the Nighttime . . . Bank Any Time." Each fold is appropriately illustrated to reflect the time suggested by the slogan.

Depository Receipt Procedure Utilized For June Payments

Corporation Taxes Only Are Affected

The Treasury Department's new procedure for deposit of corporation income tax payments of \$10,000 and over in banks which have qualified as depositories—the plan used for the first time in March of this year—will be utilized again in June for acceptance of quarterly tax payments. So advises the A.B.A. Committee on Federal Depository Functions and Fiscal Procedures.

Committee Chairman C. Edgar Johnson, who is vice-president of the First National Bank, Chicago, reports to the A.B.A. membership on his group's work with the Treasury: "Treasury officials have announced that this plan will be used from time to time in quarterly periods when the volume of tax payments would otherwise cause a strain in the money market. Since the June volume of tax collections will amount to about the same as the March collections, the Treasury will follow this same plan in the June period. . .

"It is the continuing policy of the Treasury Department to channel tax collections through Treasury Tax and Loan accounts by the depository receipt procedure to the greatest practical extent. In view of this policy and of the plans for increasing the flow of funds through the depository system, the Committee is of the opinion that many banks which have not as yet qualified as depositories should consider the advisability of doing so."

Approximately 11-thousand banks have qualified as Treasury Tax and Loan Depositories and only 8,800 of these have qualified as depositories of withheld taxes. "It would seem," Mr. Johnson points out, "that many eligible banks may be overlooking an important opportunity to serve their customers and at the same time have the benefit of retaining funds in their Treasury Tax and Loan Accounts until such funds are called by the Treasury."

The Federal Reserve banks will supply information re-

garding the necessary procedure and forms to be used for qualifying.

The Treasury Department is now making plans to process withheld taxes under the Railroad Retirement Act through the depository receipt system. The plan, it has been announced, will become effective July 1 of this year, with the first payments being made on August 15.

J. E. Perry Address Beamed to World By Voice of America

A seven-minute summary of the high points of the address, "Getting Down to Bedrock in a Crisis," by Joseph Earl Perry, vice-president of the Savings and Mortgage Division of the American Bankers Association, was broadcast recently over the Voice of America in several languages.

This address, which was beamed to Europe, Asia, and the Far East, was given by Mr. Perry at the A.B.A.'s Savings and Mortgage Division's conference in March.

Mr. Perry is president of the Newton (Mass.) Savings Bank.

Robert Lindquist Recovering from Accident Injuries

Robert Lindquist, vice-president, La Salle National Bank, Chicago, and chairman of the Public Relations Council of the American Bankers Association, is recovering from serious injuries received in an automobile accident while en route to the Spring Meeting of the A.B.A. Executive Council at French Lick, Ind.

Mr. Lindquist was driving to the meeting with his wife and daughter Nancy. They had stopped at Greencastle, Indiana, to see their daughter Gloria, a junior at De Pauw University. They had taken Gloria and her roommate to dinner and were returning to the school when the accident occurred.

Mr. Lindquist suffered a severe concussion but is now convalescing at his home at 203 Lawton Road, Riverside, Illinois, a suburb of Chicago. As BANKING goes to press he is "doing nicely." Gloria is also at home recovering from a skull fracture. Mrs. Lindquist and Miss Nancy have recovered.

Permit Rubber Stamp In Lieu of Signing U. S. Savings Bonds

Optional Procedure Effective on June 1

Effective June 1, qualified paying agents (principally banks) by rubber-stamp endorsement may at their option process for payment, at the bond owner's request, all series of Savings Bonds, matured and unmatured, without obtaining the owner's signature on the back of the bond.

The elimination of the personal appearance requirement will remove many of the inconveniences heretofore experienced by both bond owners and banks, for under this procedure banks need no longer require known customers to appear personally.

"This should be especially helpful to banks that are holding Savings Bonds in safekeeping for their customers and to trust departments that are holding savings bonds in custodian or fiduciary accounts," says C. Edgar Johnson, chairman of the A.B.A. Committee on Federal Depository Functions and Fiscal Procedures, and vice-president, First National Bank, Chicago.

4th PR Workshop to Be Held in Atlantic City on July 9-10

Executives of state bankers associations in six states have been invited to participate in the fourth regional Public Relations Workshop of the Public Relations Council of the American Bankers Association in Atlantic City on July 9 and 10. The sessions will be held at the

The Committee has been conferring with Treasury officials in an effort to expedite the processing of Savings Bonds for payment with the aim of establishing a procedure that would benefit banks, bond owners, and the Treasury.

The Treasury Department's regulations on the new procedure are set forth in Circular No. 888, effective June 1, 1951.

In a letter to the A.B.A. membership, the Committee recommends that under no circumstances should the special endorsement stamp be used when making cash payment for Series A through E bonds.

"In view of the broad responsibility incurred by banks through the use of the special-endorsement stamp," says the letter, "the Committee again emphasizes the need for exercising great care in its use and for restricting it to cases where both the registered bond owner is positively identified and bank records will clearly show that disposition of the proceeds from the bond was made in accordance with the bond owner's instructions."

Accompanying the letter are the highlights of the regulation and the Committee's suggestions of certain precautionary measures which banks should take if they decide to adopt the new procedure.

Haddon Hall Hotel.

This Workshop will follow the same pattern as earlier meetings in Cincinnati, Kansas City, and Phoenix, during which current public relations problems and their solutions were explored in informal discussions.

State associations invited to attend this Workshop include New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia.

New Instalment Loan Manual Available

The Consumer Credit Committee of the American Bankers Association has published its new *Bank Manual on Instalment Loans*. In years past the Committee has published instalment loan manuals in special fields. The new publication discusses only those loans in which the bank deals directly with the borrower, and which do not, at least directly, represent any loan for the purchase on time of some specific article.

Net Profit of State-Chartered Banks Was \$421,476,000 in '50

Salaries and Wages Totalled \$577-Million

The nation's 9,064 state commercial banks plowed back \$254,384,000 of current operating earnings into their capital accounts last year, according to the twentieth annual study made by the State Bank Division of the American Bankers Association. This amount remained from a consolidated net profit of \$421,476,000 after declaration of dividends totaling \$167,092,000. The average cash dividend declaration on common and preferred stock was equal to \$3.10 for each \$100 of capital funds.

The importance of state-chartered banks in the nation's economy is shown by the fact that their consolidated assets at the year-end amounted to \$94,412,812,000 for the 9,593 institutions, compared with combined assets of \$96,975,284,000 reported for the 4,958 federally chartered national banks.

Indicative of the services rendered to individuals and business enterprises in their home communities by these state institutions is the loans and discounts item reported at the year-end, aggregating \$31,286,303,000, compared with \$25,694,031,000 a year earlier.

Demand deposits increased to \$38,931,149,000 from \$35,821,003,000. Time deposits were up to \$35,938,560,000 from \$35,204,656,000. The capital accounts of all state-chartered banks increased \$373,128,000 over 1949.

Keeping pace with the upswing in operating income which increased 8.1 percent over 1949, were current operating expenses which in 1950 aggregated \$1,145,737,000, or an increase of \$70,644,000 over 1949. Salaries and wages advanced \$38,229,000 during the year to a total of \$576,900,000. Interest paid by the banks on time and savings deposits amounted to \$157,105,000, an increase of \$5,595,000.

Income taxes, Federal and state, aggregated \$171,134,000, an increase of \$42,357,000 over 1949.

The study will be sent to all A.B.A. member banks.

16,595 Banks and Branches Are A.B.A. Members; Gain of 39

21 States Now Have 100% Membership

"A most tangible sign of appreciation of the leadership and general program of the American Bankers Association has been the steady growth in its membership," said T. J. O'Brien, chairman of the A.B.A.'s Organization Committee, in his report to the Executive Council at its meeting in French Lick, Ind. Mr. O'Brien is vice-president of the Second National Bank, Houston.

"Since the beginning of this Association year," Mr. O'Brien said, "there have been enrolled 148 new members, and the total paid A.B.A. membership as of March 31 was 16,595. This figure includes, in addition to 98 per cent of the nation's banks, 2,295 branch, foreign, and other memberships, and represents a net gain in total membership of 39, after taking into account liquidations, mergers and a small number of delinquent members.

"All but 36 of last year's bank members have renewed their affiliation for the current year. A good portion of the credit for this excellent record should go also to the hard-working corps of regional and state vice-presidents who have spent considerable time in the field dealing with banks which were slow in paying their dues.

"California has been added to the honor roll of 100 per cent states this year, making a present total of 21 states and the District of Columbia in which every bank is a member."

The 263 nonmember banks, according to Chairman O'Brien, are concentrated in Ohio, Nebraska, Pennsylvania, Kentucky, Indiana, and New York. He solicited the cooperation of member banks in those areas in obtaining these memberships, as well as in the promotion of goodwill generally with regard to the A.B.A. program.

Twenty-three banks in 13 states joined the A.B.A. during April, as follows:

ARIZONA: The Bank of Douglas, Yuma Branch, Yuma.* (CONT. NEXT PAGE)

A.B.A. Policymakers—the Executive Council—Meet in French Lick, Indiana



Oliver Powell, member, Board of Governors of the Federal Reserve Board, speaking at a session of the A.B.A.'s Executive Council in French Lick, Indiana. Seated, at right, James E. Shelton, president, and Merle E. Selecman, secretary, American Bankers Association



Some members of the Executive Council at the conclusion of an important session

Some A.B.A. officers and their wives at the traditional family dinner. Left to right, C. Francis Cocke, vice-president, A.B.A., Roanoke; Mrs. James E. Shelton; Bill Corum, newspaper columnist and radio commentator, Louisville, guest speaker; James E. Shelton, president, A.B.A., Los Angeles; Mrs. Cocke; Glenn L. Emmons, treasurer, A.B.A., Gallup, N. M.; Mrs. Evans Woollen, Jr., Indianapolis; and F. Raymond Peterson, past president, A.B.A., Paterson, N. J.



CALIFORNIA: First National Bank in San Rafael, Novato Branch*; First National Bank in San Rafael, Tiburon-Belvedere Branch, Tiburon*; and First National Bank of San Jose, First-Willow Office.*

COLORADO: Boulder Industrial Bank*; Englewood Farmers & Merchants Industrial Bank*; and Englewood State Bank.*

FLORIDA: North Dade National Bank, North Miami.*

GEORGIA: Bank of Barrow, Winder.*

ILLINOIS: Union National Bank of Chicago*; Bank of Silvis*; and Farmers State Bank of Viola.

INDIANA: Bright National Bank at Flora.

MICHIGAN: Commercial State Bank, Roseville.*

MISSOURI: Bank of Revere.

NEBRASKA: Bank of Bellevue*; Grafton State Bank; Nebraska State Bank, Lynch, and Farmers State Bank, Plymouth.

91-Page Operating Aids and Suggestions Manual Sent to Banks

Short-Cuts That Will Cut Costs Included

In announcing the publishing of a new volume of *Aids and Suggestions for Improving Bank Operations*, James H. Kennedy, vice-president and cashier of the Philadelphia National Bank, and chairman of the Bank Management Commission of the

OHIO: First National Bank, Delaware*; andsylvania Savings Bank Company, Trilby Office, Toledo.

TEXAS: State Bank of East Fort Worth.*

WASHINGTON: Puget Sound Mutual Savings Bank, Seattle.*

* Newly organized.

American Bankers Association, stated that the 91-page manual has been sent to all A.B.A. member banks. "The first publication of the manual was in 1947. Since that time, many additional suggestions have been received from banks throughout the country. The development of these ideas is a continuous process," Mr. Kennedy said.

The new publication makes no attempt at being a bank-operating manual, but rather is a compilation of procedures and operating short-cuts which provide better banking service for the public, and which cut banking costs. For example, 13 suggestions for relieving lobby congestion are made; a routing ticket for circulating memoranda and instructions is illustrated; "after hour" depository service is discussed; suggestions for reducing check handling are made; advantages of de-

ferred posting are pointed out; 21 ideas for reducing errors are listed; the "post-list" plan of proving posting and elimination of sight posting is described; a number of suggestions are made for improving sorting procedures. These are but a few of the many ideas in the booklet which have proven successful in banks.

O. B. Lovell, comptroller of the First National Bank, Madison, Wis., a former member of the Commission, was instrumental in the preparation of the previous booklet and likewise headed the committee which compiled the new volume. Assisting Mr. Lovell were E. A. Cook, vice-president and cashier of the University National Bank, Seattle; A. K. Davis, senior vice-president of the Wachovia Bank and Trust Company, Winston-Salem, N. C.; and Sidney M. Price, president, First National Bank, Malden, Mass.

CALENDAR

American Bankers Association

- June 4-8 American Institute of Banking Annual Convention, Hotel Wm. Penn, Pittsburgh, Pa.
- June 18-30 The Graduate School of Banking, Rutgers University, New Brunswick, N. J.
- July 9-10 A.B.A. Public Relations Workshop, Chalfonte-Haddon Hall, Atlantic City
- Sept. 30-Oct. 3 77th Annual Convention, Stevens Hotel, Chicago, Illinois
- Oct. 17-19 Western Regional Trust Conference, St. Francis Hotel, San Francisco, California
- Nov. 8-9 Mid-Continent Trust Conference, Drake Hotel, Chicago

State Associations

- May 31-June 2 Colorado, Broadmoor Hotel, Colorado Springs
- June 3-5 Idaho, The Lodge, Sun Valley
- June 3-6 Pennsylvania, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.
- June 6-10 Dist. of Columbia, The Homestead, Hot Springs, Va.
- June 7-9 Massachusetts, New Ocean House, Swampscott
- June 8-9 Connecticut, Equinox House, Manchester, Vt.
- June 8-9 Wyoming, Irma Hotel, Cody
- June 10-12 Oregon, Gearhart Hotel, Gearhart
- June 11-12 Utah, Ben Lomond Hotel, Ogden
- June 11-13 Virginia, The Homestead, Hot Springs
- June 12-14 Illinois, Jefferson Hotel, St. Louis, Mo.
- June 13-14 Indiana, French Lick Springs Hotel, French Lick
- June 13-14 Minnesota, Radisson, Hotel, Minneapolis
- June 15-16 New Jersey Savings Banks, Monmouth Hotel, Sprink Lake
- June 15-16 New Hampshire,* Wentworth-By-The-Sea, Portsmouth, N. H.
- June 15-16 New Hampshire Savings Banks,* Wentworth-By-The-Sea, Portsmouth, N. H.

*Joint Convention.

- June 15-16 Vermont, Equinox House, Manchester
- June 17-19 Washington, Olympic Hotel, Seattle
- June 18-20 Michigan, Book-Cadillac Hotel, Detroit
- June 18-20 Wisconsin, Schroeder Hotel, Milwaukee
- June 21-23 Montana, Canyon Hotel, Yellowstone National Park
- June 21-24 New York, Essex, Sussex and Monmouth Hotels, Spring Lake, N. J.
- June 22-24 Maine, Poland Spring House, Poland Spring
- July 12-14 West Virginia, The Greenbrier Hotel, White Sulphur Springs
- Sept. 23-26 Maine Savings, Wentworth-By-The-Sea, Portsmouth, N. H.
- Sept. 23-26 Massachusetts Savings, Wentworth-By-The-Sea, Portsmouth, N. H.
- Oct. 3-5 New York Savings, Lake Placid Club, Lake Placid

Other Organizations

- July 7-8 Eastern Secretaries Conference, Chalfonte-Haddon Hall, Atlantic City
- Sept. 11-14 38th Annual Convention Mortgage Bankers Association of America, Mark Hopkins and Fairmount Hotels, San Francisco, California
- Sept. 27-30 Annual Convention of the Association of Bank Women, Hotel Sheraton, Chicago
- Oct. 7-10 Robert Morris Associates, Waldorf-Astoria, New York
- Oct. 11-12 Nebraska, Fontenelle Hotel, Omaha
- Oct. 16-17 Connecticut Savings, Mountain View House, Whitefield, N. H.
- Oct. 21-23 Kentucky, Brown Hotel, Louisville
- Oct. 21-24 Iowa, Des Moines
- Oct. 21-24 31st Annual Meeting of the Consumer Bankers Association, Edgewater Beach Hotel, Chicago
- Oct. 22-25 National Association of Bank Auditors and Comptrollers, 27th Annual Convention, New Orleans, La.
- Nov. 12-15 Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Florida

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Critical Bank Manpower Situation Ahead

RAPT attention and note-taking during the sessions of the Bank Manpower Conference of the American Bankers Association in Chicago on April 26-27 set a record, according to one veteran A.B.A. observer. "The 200 bank personnel men at the conference, representing banks with an aggregate of 100,000 to 125,000 employees, were the best 'sitters' I have ever seen," said this observer.

That the banks are heading into a critical manpower situation in the months and possibly the years ahead was the consensus of those attending the conference. The actual timing of the shortage and the turnover will vary from section to section. In some areas bankers reported that the turnover already is running from 4 to 5 percent a month, or from 50 to 60 percent a year.

Presiding officers for the sessions included: C. Francis Cocke, vice-president of the A.B.A. and president of the First National Exchange Bank, Roanoke; Chester R. Davis, senior vice-president, Chicago Title and Trust Co., Chicago; and William B. Hall, vice-president, The Detroit Bank.

At the first session of the conference Government authorities discussed military and civilian manpower and wage stabilization policies. At a luncheon session, Evans

Woollen, Jr., chairman of the board, Fletcher Trust Company, Indianapolis, and former A.B.A. president, talked on "Banking's Essential Service."

The afternoon session was devoted to these topics: "Recruitment and Replacement"; "Screening Job Applicants"; "Training Staff Members"; and "Maintaining Competitive Remuneration." At a dinner session, Merlyn S. Pitzele, labor editor, *Business Week*, spoke on "Labor-Management Problems in the Mobilization Period."

At the concluding session, speakers spoke on the adjustments that may be ahead for city and country banks, and were followed by a summation of the entire conference by William Powers, A.B.A., deputy manager and director of Consumer and Personnel Relations.

Ideas pertinent to the manpower situation in the present national emergency period have been taken from the prepared addresses and are presented herewith:

Civilian Manpower: "Your contacts with manpower programs will be with state and local employment office people. . . .

"Let me summarize some of the manpower problems with which we will have to deal this year:

"(1) Critical shortages in specific professions and skills, result-

ing in growing turnover problems and some pirating.

"(2) Growing shortages of 'heavy labor' in certain types of production centers.

"(3) Shortages of semiskilled workers in a growing number of areas.

"(4) Increasing difficulty in staffing and stabilizing employment in certain industries such as underground mining, lumbering, and farming.

"(5) Staffing new employing establishments in sparsely populated areas. (This includes some of our most vital atomic plant developments.)

"(6) A growing need for training and intensified recruitment.

"In spite of the seriousness of these problems, we do not believe we will be faced on a nationwide scale this year with critical manpower problems of the kind experienced in World War II."—**Robert C. Goodwin**, executive director, Defense Manpower Administration, Department of Labor, Washington, D. C.

Wage Stabilization: "A word about the future. Obviously, the 10 regulations currently in existence do not constitute a complete wage stabilization program. Even before the labor members withdrew, the old board made it clear that there were

Left, A.B.A. Vice-president Cocke listens to an address by Manpower Administrator Goodwin; right, left to right, Chairman Hall and Speakers Curry and Willy, who presented city and country bank points of view





Left, Government speakers, left to right, Mr. Weiss and Col. Irvin. Right, manpower specialists, left to right, Messrs. Currie, Bennett, Greiner, and Schafer. Mr. Schafer read an address on "Recruitment and Replacement."

a number of important policy issues which might be the subject of additional regulations. Some weeks ago, Economic Stabilizer Johnston further underscored this point by suggesting a number of wage problems which require the Board's early attention, study, and action in the development of a sound wage policy. These problems still are on the agenda along with many others which have accumulated in the intervening weeks. Here are some of the questions which need attention when the Board resumes operations: the status of cost-of-living escalator clauses beyond June 30; pension, health, and welfare plans; annual improvement increases based on assumed higher productivity; procedures for handling salary stabilization; enforcement, investigation, and appeals procedure." — **Harry Weiss**, acting executive officer, Wage Stabilization Board, Economic Stabilization Agency, Washington, D. C.

Essential Nature of Banks: "These banks (A.B.A. members) are the custodians of \$168,000,000,000 in accounts owned by 100,000,000 depositors including Federal, state, and municipal governments; industrial, commercial, and agricultural organizations of innumerable types; vocational, educational, religious, charitable, and social groups of every description . . .

"The banking system not only safeguards this vast pool of financial resources; it provides the facilities for extension of credit and transfer of funds without which the channels of commerce and the flow of goods from producer to consumer would be hopelessly blocked.

"On the basis of all available information, it appears that the banks as a group will have to hire a minimum of 100,000 new employees during the current year and may have to hire many additional thousands if turnover rates continue to increase and banking services are expanded as a result of defense activities.

"This may seem to us now to be an almost unsurmountable task. However, we must not forget that banking has had long experience in developing manpower, and that we did an equally big job during the World War II period." — **Evans Woollen, Jr.**, chairman of the board, Fletcher Trust Co., Indianapolis, and past president of the A.B.A.

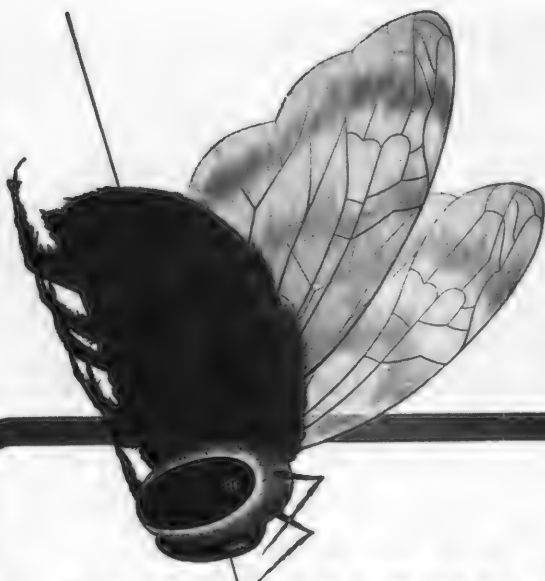
Personnel Recruitment: "I have already discussed the traditional source of new employees—the high school graduates, who represented 47 percent of the bank replacements in the 1949 A.B.A. survey, with another 12 percent coming to us from business colleges. Although the percentage is undoubtedly lower today, with the boy graduates going into military service and the girls being wooed into other fields of employment, I believe that we can reverse the trend somewhat even in the face of today's defense economy by dropping the defeatist attitude I have already referred to and putting forth a vigorous effort to recruit more high school youngsters. Many banks are meeting with considerable success through school visits; speaking to assemblies and classes; showing the A.B.A. films; providing literature; having the youngsters visit the banks; and through other activities, such as essay contests and part-

time employment." — **Robert Lindquist**, vice-president, LaSalle National Bank, Chicago, and chairman, Public Relations Council, A.B.A. Because of Mr. Lindquist's illness, his speech was read by **MacHenry Schafer**, second vice-president and director of employee relations, Northern Trust Co., Chicago.

Employment a Purchasing Operation: "If you look at employment as a purchasing operation, you get some idea of the amount of money the employment office is spending. Of course, the employment office does not spend this in one lump sum at the time of hiring, but just the same it makes a contract from which escape is usually awkward and seldom is undertaken.

"For example, if we hire a young man who is a college graduate and start him at about \$250 per month, expecting him to stay with us for perhaps ten years on the average and to be earning \$6,000 at the end of that time; we are committing ourselves to an expenditure of somewhere in the vicinity of 65,000 of today's dollars. This is a very big investment even for a large institution, and it would seem to be good business to make careful investigations of the quality of the product we are buying." — **Dr. George K. Bennett**, president of The Psychological Corporation, New York.

Staff Training: "So frequently we hear the statement 'But I don't have time to train.' It does seem, on the surface, that this planning and effort take too much time, but experience has shown that the effort is a dollar-saving and morale-building



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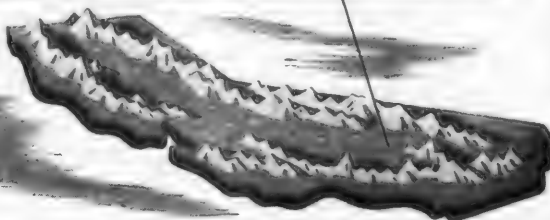
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factor. Let me just briefly enumerate a few of the benefits that you can expect from such effort:

Training time is reduced.

Production is increased.

Bottlenecks are broken.

Man-hours are reduced.

Better understanding is developed among workers and management.

Turnover is reduced.

Spoilage and errors are reduced.

Workers are prepared for promotion.

"We are vitally interested in better production coupled with higher degrees of accuracy. A point that is often overlooked in this respect is that these results are best obtained through a planned program under kindly guidance and understanding supervision. The employee's job satisfaction, his sense of accomplishment, his feeling that his supervisor and his bank are interested in his progress are frequently important factors in reducing turnover. Often this byproduct is more important than the immediate training result."—Arthur S. Greiner, assistant cashier and director of training, National Bank of Detroit, Detroit.

Competition With All Industry:

"Banks can no longer rely on inter-bank comparisons of remuneration and remain competitive. However, obtaining truly comparative information should present no problem for banks. They are in a uniquely advantageous position to initiate such survey comparisons because of their banking relationships with top executives of other companies. Banks are not business competitors with such sources and hence should encounter little or no resistance to exchanging such information. Moreover, banks have earned the reputation of retaining confidential information as such.

"It is apparent that to ensure that a bank actually knows the comparable rates for the area:

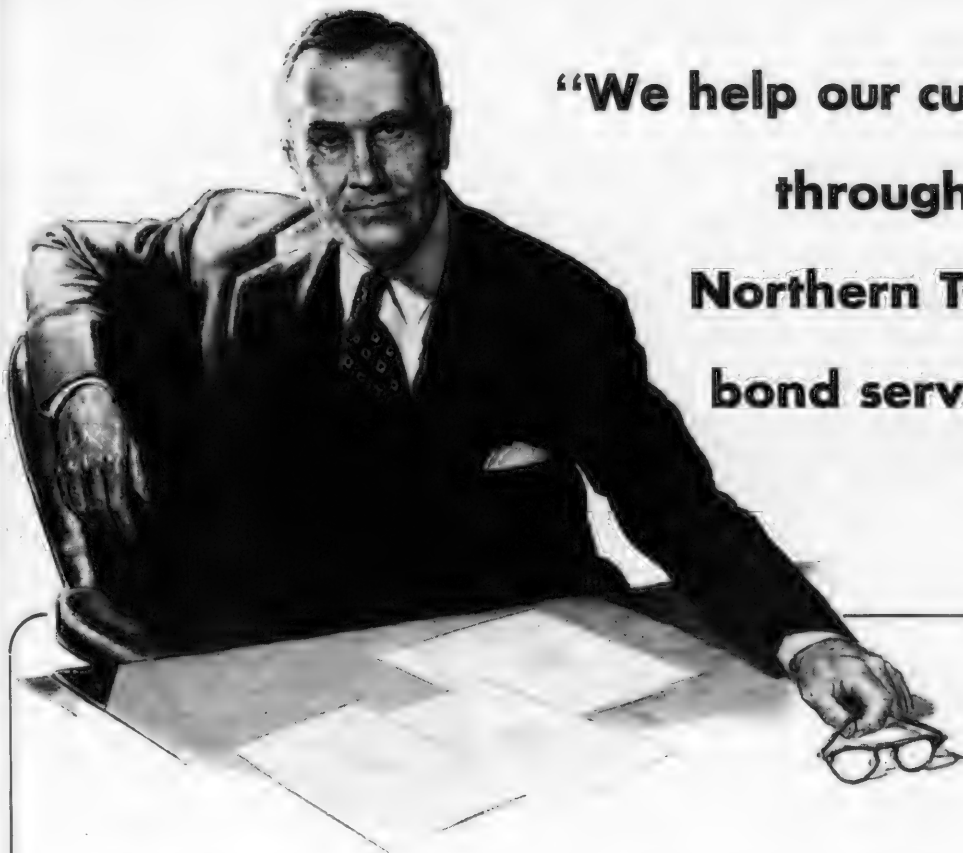
"(1) Job content must be clearly defined to permit valid comparison;

"(2) The area of comparison should be broadened to include nonbanking employees having similar work classifications.

"In addition, two other facts should be mentioned here:

"(1) Such a survey should be kept alive by rechecking at least once a year. Key jobs, or problem jobs, should be rechecked at six month intervals—or oftener.

"(2) Survey comparisons should be
(CONTINUED ON PAGE 100)



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(CONTINUED FROM PAGE 98)

obtained through personal discussion whenever possible. Such comparisons have many advantages in addition to further ensuring both accuracy and adequacy of results obtained."

—John Patterson Currie, management consultant, New York, New York.

The Labor Front: "I do not think that if this mobilization effort heads into an all-out war economy—I do not think that we will be able to afford, as we did in the last war, strikes. . . . We can be very certain

that if, in this period into which we are now heading, a strike is not at the outset an act of sabotage, it will, before it has been in effect for 24 hours or more, attract to it every Communist still at large. The function of the Communist in that situation, open or disguised as he may operate, will be to acerbate, to extend, to prolong, to make more injurious to our national effort, that strike. I think that not only can we not afford that sort of thing, but I do not think we will be tolerant about it.

"Therefore it seems to me inevita-

ble, as the international situation deteriorates and we commit ourselves more and more deeply in this effort, that we will come face to face with the necessity for revising another American tradition—namely, that workers are free to strike when they feel like striking. This, too, if it is to be an effective policy, however it is written or devised, with whatever safeguards it may contain, will be so distasteful, such anathema to the labor people that the only way we can begin to think of getting for it any kind of workable acceptance is to have the labor people themselves take the responsibility of administering such a policy."—**Merlyn S. Pitzele**, labor editor of *Business Week* and chairman, New York Board of Mediation.

Manpower Problems Serious: "Not only are there fewer people available for bank employment, but the volume of bank work has increased at a startling rate. By comparison with 1940, we find that bank deposits are up over \$100-billion. At the same time, the annual dollar volume of checks handled has increased from just over \$25-billion to almost a trillion-and-a-quarter. Bank loans are up almost \$40-billion. The gross public debt is up nearly \$200-billion, and the bank-owned portion of that debt has climbed from over \$19-billion to \$71-billion. There you have it—less help, and a bigger job to be done.

"To offset these difficulties, banks of all sizes will need to tighten efficiency and practice personnel economy in every phase of their operations. . . .

Chairman Davis greets the dinner speaker, *Business Week's* Labor Editor Pitzele



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Once an incidental factor, the availability of bonds in substantial amounts has become of prime importance in these days of pension funds, trust funds and similar large investors. Very real advantages accrue to the quantity buyer who has at hand a volume source of debt obligations.

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The expanded issue volume of municipal bonds has created new investment advantages in this field. In addition to tax exemption, favorable yield and security, the broadened opportunity for diversification in municipals contributes to their desirability. A

suggestion of the variety and quantity of municipals available is found in the fact that in the last five years alone Halsey, Stuart has been identified with the underwriting and distribution of issues aggregating more than \$4 billions and originating in 47 of the 48 states.



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"Good operations cannot be achieved without properly selected, properly placed, and properly trained employees. Without each person being trained to do his job accurately, speedily, and with understanding, it is inevitable that costs will increase, operations suffer, and services will be impaired. These are compelling reasons for every bank to give increased and immediate attention to selection, placement, and training, to the end that the productivity of the payroll will be increased and operating efficiency maintained."—**Leslie K. Curry**, vice-president and comptroller, Mercantile-Commerce Bank and Trust Co., St. Louis.

Country Bank Adjustments: "A few words about our training program. It is our announced intention to all trainees to teach them all bank duties if they are willing to learn. We attempt to fix in the girl's mind that she will be able to handle any job from bookkeeping in the basement to servicing notes at the bosses' end of the bank. We tell her that she will never have one job but will be the master of many jobs and that as occasion requires she will go from one job to the other. Even after she has learned a higher salary job, she will often be moved to a lower level when need requires. If one is to have this flexibility, it is quite important that the idea be installed when the training is started.

"All new employees start in the filing, sorting, and photographing section. This is true, even of girls who are to become tellers or stenographers."—**W. M. Willy**, president, Security Bank and Trust Company, Madison, South Dakota.


Selective Service: Colonel **George A. Irvin**, chief of the field division, national headquarters of the Selective Service System, discussed operations of the system and the outlook for the draft. Colonel **Irvin** spoke particularly on the importance of the local boards in the draft set-up, noting that the local board is the only agency of the draft "with the power to actually classify." Colonel **Irvin** also called attention to the fact that the revised list of essential activities issued by the Department of Commerce was for the single purpose of establishing a guide to the military in recalling reservists, and had

been supplied to local boards only "for their information."

Summation: "The nation's mobilization program places a heavy responsibility upon every citizen and creates an obligation for every group in our economy to cooperate to the utmost. Intelligent and effective cooperation requires forethought and planning to effect productive action. The important position held by banking in the economy of the country makes it mandatory upon the man-

agement of our financial institutions to maintain at all times, regardless of the nature and the extent of the emergency, services that are vital to the success of the mobilization effort.

"Banking leadership is fully cognizant of this national obligation and realizes that the continuance of its services depends upon the efficient cooperation of 410,000 people in the country's 15,000 banks."—**William Powers**, deputy manager and director of Customer and Personnel Relations, A.B.A.




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New Trust Business

CONTINUED FROM PAGE 55)

the prospect" they count on three new prospects from each case. There is no good reason why trust men, without being overly aggressive, cannot get equally favorable results. Many of them do.

Robert N. Arthur, vice-president, Mercantile-Commerce National Bank, St. Louis, has traced the business flowing from one customer who was especially pleased over the manner

in which the bank handled his account. Fifteen additional agency accounts totaling \$1,500,000 resulted. Had this customer not lived in a different state, probably there would have been an equal number of wills.

Present customers of other departments, while not the greatest source of referrals, are the main source of new trust customers. Most banks agree that 90 per cent of their trust customers are customers of other departments. Even so, only a relatively few of the bank's customers use its

trust services. One bank studied the estates of several hundred of its wealthiest customers who had died in recent years. Thirty-one percent had named that bank, 53 percent had named an individual, 16 percent had named competing institutions.

Attorneys' goodwill is essential to the growth of trust business. Fortunately, the most successful lawyers know that competent trust service benefits their clients. They direct much business to trust institutions.

John Remington, vice-president, Lincoln Rochester Trust Company, and former president of the Trust Division of the American Bankers Association, tells of 13 unsolicited wills from one firm of attorneys in one year, and of five estate-planning appointments in one week from another.

Obviously, banks should cultivate lawyers and maintain a friendly, dignified, and mutually advantageous relationship. Banks should cooperate with lawyers, live up to the spirit of the written code of understanding between the trust institutions and the Bar Association, and protect the attorneys' interests.

The life underwriter, many banks find, is one of the best sources of referrals. One bank reports that in 1950, 46 percent of its new business started with underwriter referrals. Robert L. Knight, trust officer, Ohio-Citizens Trust Company in Toledo, comments: "Underwriters have referred to us substantial amounts of business from people who have had no previous relationship with us."

Because of the mutuality of interest, this is the easiest group with which to cooperate. Each can help the other in the service to a mutual customer.

CPA's, correspondent banks, the clergy, and other centers of influence offer added opportunities of growth through referrals.

Obviously, these comments give only a rough outline of the possibilities of building through referrals. They may, however, suggest its importance. One step might be to consider the list of sources of referrals given above. Develop simple, practical procedure for maintaining relations with each group and weld it into an overall plan. This plan need not be too complicated for easy administration, but it should be on a permanent basis. It could result in doubling the new-business intake.

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Predicting Success

(CONTINUED FROM PAGE 41)

speed and accuracy. The two ratings were in such close agreement that for convenience we used only one of them, the rating on "speed of work." After reviewing the ratings and what we knew of the clerks, it was decided to divide at a rating score of 45. Consequently, the 91 clerks who scored 45 or more on the rating were regarded as "good" and the 29 who scored less than 45 were regarded as "poor."

The following table shows the results of these two batteries of tests:

	Lowest Passing Scores	NUMBER OF CLERKS WHO "PASS"		
		Total Number	Number "Good"	Number "Poor"
A 1. G.C.T. I Name and Number Comparison	10	73	64	9
G.C.T. II Filing	34			
G.C.T. IV Locating Wrong Numbers	11			
A 2. G.C.T. VI Spelling	23	78	65	13
G.C.T. VIII Vocabulary	26			
B 1. Minnesota Numbers	115	83	71	12
Hay Number Series, Form A	10			
Hay Name Finding, Form A	11			
B 2. Minnesota Numbers	110	95	78	17
Hay Number Series, Form A	9			
Hay Name Finding, Form A	13			

The Experience of a Western Bank

In 1949 and 1950 a branch of a large bank system in the West began using a battery of tests as a condition of employment. It consisted of the following tests in the Hay Battery:

- Number Perception Form A
- Number Series Completion, Form A
- Name Finding, Form A

During these two years this bank hired 22 employees. Fifty-five others who were tested were not hired for various reasons. Of the 22 who were hired, 3 were regarded as "unsatisfactory." This, however, was not because they could not do the work rapidly and accurately but was because of reasons of temperament and family difficulties. Of the remaining 19, 9 were reported as "excellent" clerks and 10 as "good." However, all 19 of these were satisfactory clerks—it was just that 9 of them were better than the other 10.

Since all of these clerks were satisfactory, an examination was first made to see what test scores would "pass" the maximum number of these clerks. It was found that the following scores would "pass" 17 of the 19 clerks.

- Number Perception 80
- Number Series 8
- Name Finding 10

It now seemed worthwhile to examine the test scores to see whether a distinction could be made in scores in such a way that most of the "excellent" clerks would pass and most of the "good" ones would fail.

The following scores will do this:

- Number Perception 90
- Number Series 9
- Name Finding 12

These scores will "fail" two of the "excellent" group and eight of the "good" group. Thus, of the nine clerks who "passed," seven are rated as "excellent," a very good performance for the tests.

The excellent discrimination provided by these tests suggests two things: (1) The ratings of "excellent" and "good" must have been made with great care, and (2) the tests are remarkably sensitive to differences. It should be noted that this showing is not important by itself; it is a very small sample. However, it confirms many other similar studies and may therefore be regarded as significant in the selection of routine bank clerks.

Government Bonds

(CONTINUED FROM PAGE 77)

2½ percent bonds 1972/67 to exchange their bonds for new non-marketable 2¾ percent bonds 1980/75 was designed to remove as many as possible of the 2½s from the market where their presence was a constant threat of heavy sales. Now that the exchange has been completed, only about \$6-billion of the 2½ percent bonds remain outstanding.

Over \$13.5-billion of the 2½ percent bonds were exchanged. The Federal Reserve banks and U. S. Government investment accounts were the largest subscribers, with a total of over \$5.5-billion. Life insurance companies, with exchanges of over \$3.25-billion, were next. Mutual savings banks took over \$1.25-billion, while pension and retirement funds accounted for \$1.8-billion. The remaining \$1.75-billion were taken by savings and loan institutions, state and local governments and individuals.

Comparing these figures with the holdings on January 31 as given by the Treasury Survey of Ownership and making allowance for the market developments in February and March, it appears that life insurance companies made almost full exchanges; mutual savings banks went along for about 50 percent of their holdings, and commercial banks took only about one-third of what they might have obtained. The \$5.5-billion exchanged for Treasury investment accounts and the Federal Reserve banks was about \$1.3-billion more than were held on January 31 as a result of market acquisitions over the two-month period.

Some countries owe us almost nothing. Their people apparently lack aggressiveness.

Washington

(CONTINUED FROM PAGE 49)

are expected to encourage the granting of the tax certificates.

RFC Has New Administrator

RFC has gone under the management of a new single Administrator, to be assisted by a Deputy Administrator. Its broad policies are to be outlined by a Review Board consisting of the Secretary of the Treasury, the Secretary of Commerce, and a third individual representing some other Federal agency, to be

designated from time to time by the President.

W. Stuart Symington, former chairman of the National Security Resources Board, became the new Administrator three weeks ago. As he took office, the terms of the former five-man, bi-partisan board came to an end. Some of the members of that board were subjected to criticisms of yielding to "influence and favoritism," in the course of the hearings before the RFC subcommittee of the Senate Banking Committee, of which Senator J. William Fulbright (D., Ark.) is Chairman.

Members of the Senate committee

drew from Mr. Symington some indications of the policies he thought that RFC should follow. He indicated that assistance to small business was a primary mission of RFC. He was indefinite, however, as to whether the RFC should furnish in the form of loans what in fact was equity capital.

On the other hand, Mr. Symington agreed that it should not be the business of RFC to "take care of" what one Senator termed "certain regular large customers for equity capital." The new RFC Administrator said that he believed RFC's lending policies should be squared with the Federal Reserve Voluntary Credit Restraint Program.

Loans which represent in large part "bail-outs" of existing lenders, Mr. Symington said, should be discouraged. The agency should operate in the "public interest," he said, but did not define his concept of public interest. He said such previous RFC loans as those made to luxury hotels, hotels including gambling casinos, and the like, were not, in his opinion, in the public interest.

Finally, Mr. Symington said he has to answer to no one in either the White House or the Administration generally, either in making staff appointments to the RFC, or in deciding to refuse or to lend in any particular case. And he favors publicity of RFC loans.

A FINGER ON THE PULSE OF THE WORLD

... Your clients will have a finger on the pulse of the World if your correspondent relations in the Nation's Capital are in the hands of a banking and trust company fully adequate and experienced in maintaining complete correspondent service . . . staffed by those



familiar with every phase of Government.

*A Leading Institution
In the Nation's Capital*

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Washington, D. C.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

Daniel W. Bell, President

What Every Banker Should Know

Coinsurance will save money. As an Insurance Buyer you should know exactly what the money-saving coinsurance clause is and how it works. We'll be glad to send you a complete description upon request. No obligation, of course.

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The Connecticut Fire Insurance Co.
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Equitable Fire & Marine Insurance Co.
Providence, Rhode Island
Minneapolis Fire & Marine Insurance Co.
Minneapolis, Minnesota

The Central States Fire Insurance Co.
Wichita, Kansas
Atlantic Fire Insurance Co.
Raleigh, North Carolina
Great Eastern Fire Insurance Co.
White Plains, New York
Reliance Insurance Co. of Canada
Montreal, P. Q., Canada

Economy Drive's Solid Start

There is now some substantial hope that Congress may achieve the unofficial goal of lopping \$3-billions from the total of appropriations requested by the President for fiscal 1952.

This \$3-billion is the unofficial goal of those members of Congress who are determined to achieve the maximum economy possible under the political circumstances now operating. Of this total, \$1-billion will be chalked up to Congress' refusal to enact about that much of new spending programs recommended by the President in his January budget. The balance, or \$2-billion, will represent the result, they hope, of careful and determined pruning of appropriation requests. Some Congressmen already are claiming a greater economy achievement. Such claims are now treated with reserve.

(CONTINUED ON PAGE 106)

AMERICAN-Standard

First in heating...first in plumbing

*Advertisements like this
create good prospects for
Home Modernization
Loans*



AMERICAN-Standard
First in heating...first in plumbing

*Friends
don't believe
in the same
kitchen*

A ROYAL HOUSEWIFE and editor of American Standard joined a 1950 New York. The Royal Housewife took on a remodeling and remodeling project. The new roomy, modern kitchen makes the perfect companion for it. Why not remodel your kitchen like that?

Free - New 1951 Home Book. Ideas for bathrooms, kitchens and bedrooms. Lighted in full color. Shows you many saving time and money. Includes drawings and plumbing. Shows a wide choice of kitchen fixtures, bathroom fixtures, and heating equipment of all types available. Explains how to get the most from your remodeling. Send for the complete book today.

Look for this mark of merit

AMERICAN STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT FURNITURE • EDWARDS BOWERS • BOSS HEATER • TONAWANDA BROWN

MORTGAGE loans for home improvements like the modernized kitchen shown above are the soundest kind of investment opportunity. And American-Standard through its series of full-color national advertisements is telling millions of families that now is the time to go ahead with such jobs. Thus, this campaign is creating a big and immediate market for modernization loans.

Under prevailing regulations, you can make loans for the purchase of heating equipment and plumbing fixtures for remodeling jobs for as little as 10% down

and on terms up to 30 months. In the face of current restrictions on new construction, modernization loans become an increasingly important factor. And when those loans are made for the installation of American-Standard products, you know that the applicant is the type of person who has pride of ownership in his home.

Your heating and plumbing contractor will be glad to furnish you with interesting information about the complete American-Standard line. **American Radiator & Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pennsylvania.**



LOOK FOR THIS

MARK OF MERIT

Serving home and industry

AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT FURNITURE • EDWARDS BOWERS • BOSS HEATER • TONAWANDA BROWN

(CONTINUED FROM PAGE 104)

New Tax Law's "Take"

To those who were relying upon a new tax law to make a major contribution toward halting inflation, the probable final outcome of the pending tax legislation might prove disappointing, although the House may approve \$7-billion new revenue in its bill.

Each month the possibilities for raising additional revenue are scaled down by those in touch with the members of the Congress handling

tax legislation. The Administration's February goal of \$16.5-billions for new tax legislation this year was scaled down officially in April to \$10-billions by Treasury Secretary Snyder.

Whereas a month ago members were talking semi-publicly about shooting at a goal of \$7-billion to \$8-billions in new taxes (and privately of less) the most informed now believe that possibly, barring some new turn in the war situation, the maximum which in fact will be raised by tax legislation this year

will be \$5-billion after the Senate acts and action is final.

In such a case, tax legislation would be limited to a boost of perhaps 2 points in the tax on individuals, 2 points on corporations, some additional excises, a little "loophole" closing, and not much else.

Congress is likely to proceed upon the revenue and spending assumptions which it will make itself. Instead of the deficit of \$13-billion anticipated by the Treasury Secretary for fiscal '52, Congress will assume, with the staff of the Joint Committee, that revenues will for the next fiscal year, under existing tax laws, reach nearly \$61-billion, and they will assume that spending, instead of reaching \$71.6-billion, will amount to not more than \$68.5-billion, with economies they hope to legislate.

Even so, Congress probably will, barring a change in sentiment, probably by providing not more than \$5-billion in additional taxes, presumably leave a budgetary gap of \$3-billion to \$4-billion. It will do this, however, on the more or less unspoken but prevalent belief that the Administration has over-estimated prospective expenditures for fiscal '52, and that economy will be more substantial than \$3-billion.

By the end of this month the current year's budgetary performance will be known. The staff of the Joint Committee on Internal Revenue estimated a budgetary surplus of \$3.5-billion, versus Secretary Snyder's April estimate of \$2.7-billion.

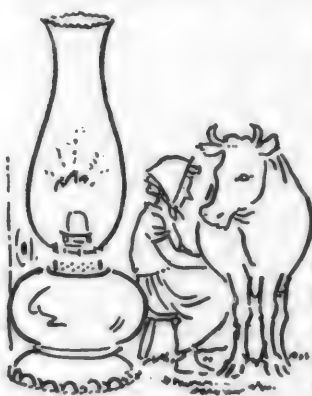
Housing Future

It has become almost a regular occurrence every year for doubts about the future of housing legislation to obscure for a time during the year the long-term outlook for housing construction and its financing.

This year the dispute between left-wing groups and conservatives centered around the defense housing program. This is the program which the House unexpectedly refused to approve late in the winter, after it had been curtailed substantially by the House Banking Committee.

In the Senate a program of \$1.5-billion, half that recommended by the House Committee, was adopted.

(CONTINUED ON PAGE 108)



1871

Whether or not Mrs. O'Leary's cow was involved, fire razed one-third of Chicago 80 years ago

People stood in Lake Michigan with water up to their necks to escape the inferno. In a few short hours the wind-swept flames leveled 2,100 acres of the largely wooden city, destroyed 17,000 buildings and did a total damage of \$200,000,000.

This was also the year the Standard Marine Insurance Company, Ltd. was founded.



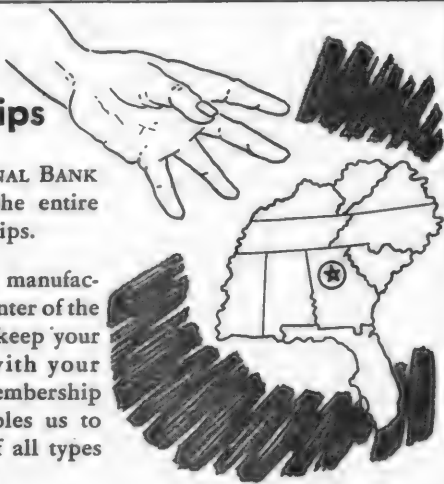
THE London & Lancashire GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

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EXCLUSIVE features enable the Friden to perform more steps in figure-work without operator decisions than any other calculating machine ever developed.

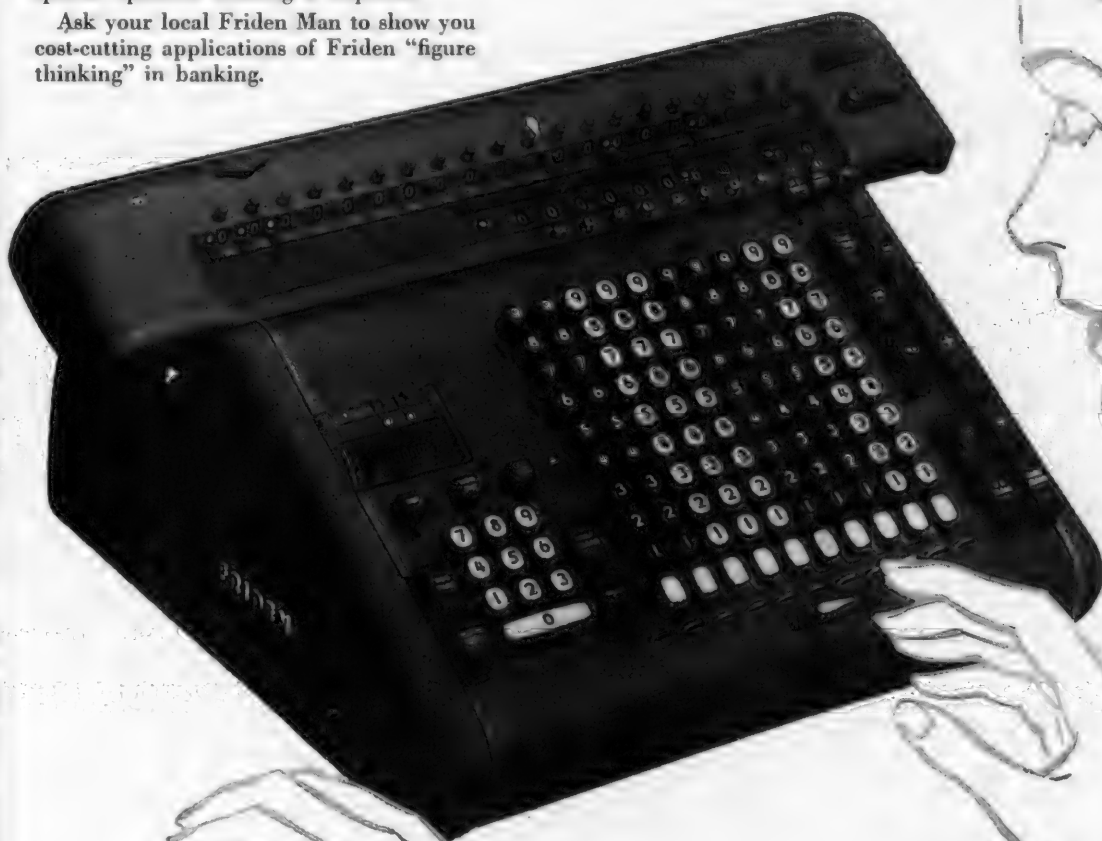
Many thousands of Fridens are serving in banks. In computing savings account interest and analyzing checking accounts... in instalment loan accounting and setting up new loans... this machine is uniquely efficient. The Friden increases work output with absolute control of accuracy. It is so *automatic* in every computation that no special operator training is required.

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©Friden Calculating Machine Co., Inc.

FRIDEN CALCULATING MACHINE CO., Inc., San Leandro, California

(CONTINUED FROM PAGE 106)

In the course of passing this bill, however, the Senate tacked on an amendment offered by Senator Russell Long (D., La.) which required contractors to return to their lender, all those sums advanced under an FHA-financed mortgage, which were in excess of the physical cost of the improvements. This would have the effect of forbidding the contractor to take out in cash his construction profit. The amendment excluded trade discounts to builders from the mortgage total.



FOR A Wonderful VACATION

The Shamrock's Vacation Plan will be in effect again this summer . . . July 1 through September 3 . . . affording you seven or more delightful, pleasure-filled days as guests of America's Magnificent Hotel . . . at most reasonable, all-inclusive "package" rates.

The Shamrock's Vacation Plan includes breakfast in bed every morning . . . dinner each evening, with three exciting "nights out" in the glamorous Shamrock Supper Clubs, home of The Cavalcade of Stars . . . The Shamrock Pool often as you like . . . and, of course, your extra large room with finger-tip air-conditioning control.

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THE SHAMROCK'S VACATION PLAN

Bankers visiting Houston find The Shamrock convenient to every corner of the city's widespread banking, commercial and industrial centers . . . located in uptown Houston, away from the city's heavy business traffic. Plan your next Houston visit at The Shamrock.

Long Distance: Houston LD 1

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GLENN McCARTHY, President

M. JACK FERRELL, Executive Manager

This modification made the defense housing bill unacceptable to the construction industry.

Officials were watching with considerable interest the volume of housing starts, which showed every sign during the first few months of the year of running at an annual rate of some 1,200,000 units. The target of Regulation X was officially to limit housing starts for the year to some 850,000 units. Therefore either materials controls and shortages, or more stringent credit controls, might presumably have to be brought to bear to limit volume. Otherwise the target would be exceeded or there would be very little if any housing put under construction during the latter part of the year.

It was anticipated that the hesitancy of certain large institutions to continue volume mortgage lending because of the changing long-term bond interest rate, would not diminish activity of the largest sources of housing mortgage funds, or banks outside of large metropolitan areas, mutual savings banks, and savings and loan associations.

Paper

(CONTINUED FROM PAGE 78)

nience and the saving of laundry bills. Paper plates and cups are in the same category. Paper towels and napkins enjoy enormous popularity and are a great item of consumption when quick meals have to be prepared by working husbands and wives.

Improvement of chemical processes and the growth of the rayon industry have been of considerable help in the manufacture of paper. Cotton linters as raw material have been discarded in favor of the more economical woodpulp. The latter has become an important product of some paper companies.

Its production has been stimulated by the rapid expansion of the rayon industry and by the new uses for cellulose by the chemical industry.

The improved profit status of companies has not been confined by any means to those relatively isolated lines where expansion has been unusually rapid. Producers of the traditional types of paper, such as writing and printing products, have

also enjoyed a somewhat large level of earnings.

Newsprint producers have been among the greatest beneficiaries. Newsprint has been in almost constant short supply since the end of the last war—quite contrary to conditions prevailing in the 1930's when this commodity was amply available.

Large retained earnings in the past five years have made possible the modernization and expansion of the industry's production facilities, improving the companies' financial condition at the same time.

Demand from civilian customers is expected to continue near peak levels. This is evidenced by a backlog of orders which has once again reached the previous high marks set during the acute paper shortage right after the last war.

All other factors being equal, the paper industry should be able to satisfy most demands. Its principal raw material, pulpwood, is in ample supply. There may be some difficulty about obtaining sulphur, also employed by defense industries, but since it is one of the chief national bottlenecks, the Government is expected to provide enough of it to assure production at a high rate.

Yet, over-expansion and its resultant problems, once considered a very important factor, are hardly elements to be reckoned with today. There are two chief reasons for this: the very high cost of construction of new plants and the relatively limited acreage of pulpwood available.

The cost of building a paper mill is about double what it was a decade ago and, as a result, new projects of that kind are few, indeed.

However, the large postwar profits provide most paper companies with favorable earning bases for excess profits taxes, so that higher tax rates should not produce too much of a reduction in net profits, experts feel.

All pedestrian problems would be solved by a street with only one side.

The love of money may be the root of all evil, but it is also the root of a lot of hard work.

A man in the public eye may be just a cinder.

Georgia, Florida Endorse W. W. Campbell

THE state bankers associations of both Georgia and Florida have given their endorsements to W. W. Campbell for the vice-presidency of the American Bankers Association. Mr. Campbell, who is president of the National Bank of Eastern Arkansas, Forrest City, had already received the endorsement of his own state.

The Georgia Bankers Association says, in part:

WHEREAS, the interests and welfare of the Georgia Bankers Association are promoted by the friendly support and co-operation of the American Bankers Association, this Association is interested in electing officers of the American Bankers Association whom it is believed will be friendly to and sympathetic with the problems of this Association; and. . . Mr. Campbell is familiar and sympathetic with the problems of Southern Bankers.

RESOLVED, that the Georgia

Bankers Association hereby extends to its neighbor, the Arkansas Bankers Association, friendly good wishes in its public support of one of its successful sons; and the Georgia Bankers Association bespeaks the favorable consideration of William Wilson Campbell by bankers throughout the nation.

The Florida Bankers Association resolution follows:

WHEREAS, W. W. Campbell, President, National Bank of Eastern Arkansas, Forrest City, Arkansas, has served his own community and state conspicuously over a period of years, including service as President of the Arkansas Bankers Association; and

WHEREAS, He lives in an agricultural community where he has sponsored improved agriculture and then later went on to promote it nationwide through the American Bankers Association; and

WHEREAS, He is intimately familiar with financial affairs as they

affect both large and small business and government; and

WHEREAS, He has been honored in his home state in practically every conceivable way and above all is a man of fine character and integrity; now therefore

BE IT RESOLVED, That the Florida Bankers Association in Convention assembled on this third day of April, 1951, do hereby unanimously endorse W. W. Campbell for election to the office of Vice-President of the American Bankers Association at the Annual Convention of the American Bankers Association to be held in 1951 in Chicago.

College and A.I.B. Share New Building

HEGER HALL, new finance and business administration building at Hofstra College, Hempstead, New York, was formally opened on March 30 at a luncheon in the new \$250,000 building.

The building is named for its donor, Emil R. Heger, president of the Bank of Malverne, New York.

Mr. Heger donated the money for a building for courses in banking and business subjects (BANKING, March 1950). By the terms of the gift, Nassau County Chapter, American Institute of Banking, is to have evening use of the building. It was through the Institute that Mr. Heger, then retired from business, studied banking in night classes during the 1920s, and then started an active career as a banker.

The building also provides quarters for the Nassau County Clearing House Association, the area's central source for credit information. The college's departments of marketing and management, accounting,

finance, and secretarial studies will be housed in the new structure.

The A.I.B.'s Nassau County Chapter plans to hold classes there beginning in the fall.

Heger Hall, like other major buildings on the Hofstra campus designed by Aymar Embury II, is of a style described by the architect as "a free adaptation of traditional colonial." Construction was completed in 11 months.

Emil R. Heger





18,788,090
hens feather
a lot of
nests!

California's monthly production of over 260,000,000 eggs — means wealth — investments — credit.

Fine feathered friends are just another contributing factor to Los Angeles County's position as #1 in American agriculture — so be represented by the bank that for over 60 years helped Los Angeles agriculture and industry grow!


CITIZENS
NATIONAL SAVINGS BANK
OF LOS ANGELES

5th & Spring Streets
35 Conveniently Located Branch Offices
Member Federal Deposit Insurance Corporation.

Regional Voluntary Credit Restraint Committees

(CONTINUED FROM PAGE 39)

Eastern Insurance Voluntary Credit Restraint Committee

- Frazar B. Wilde, *Chairman*,
President, Connecticut General Life Insurance Company,
Hartford, Connecticut.
- Frederick W. Ecker, *Vice Chairman*,
Executive Vice President, Metropolitan Life Insurance
Company, New York, New York.
- Julian D. Anthony,
President, Columbian National Life Insurance Company,
Boston, Massachusetts.
- Robert E. Henley,
President, Life Insurance Company of Virginia, Rich-
mond, Virginia.
- E. A. Camp, Jr.,
Vice President and Treasurer, Liberty National Life
Insurance Company, Birmingham, Alabama.
- W. W. Bodine,
Chairman of the Board, Penn Mutual Life Insurance Com-
pany, Philadelphia, Pennsylvania.
- William F. Treiber,
Vice President, Federal Reserve Bank of New York, New
York, New York.

Mid-Western Insurance Voluntary Credit Restraint Committee

- Willard N. Boyden, *Chairman*,
Vice President, Continental Assurance Company, Chicago,
Illinois.
- Robert B. Richardson,
President, Western Life Insurance Company, Helena,
Montana.
- T. A. Phillips,
Chairman of the Board, Minnesota Mutual Life Insurance
Company, St. Paul, Minnesota.
- W. T. Grant,
Chairman, Business Men's Assurance Company of Amer-
ica, Kansas City, Missouri.
- Frank J. Travers,
Vice President, American United Life Insurance Com-
pany, Indianapolis, Indiana.
- A. L. Olson,
Vice President, Federal Reserve Bank of Chicago,
Chicago, Illinois.
- Robert B. Patrick,
Financial Vice President, Bankers Life Company, Des
Moines, Iowa.
- Howard J. Tobin,
Vice President, Northwestern Mutual Life Insurance
Company, Milwaukee, Wisconsin.

Southwestern Insurance Voluntary Credit Restraint Committee

- W. L. Vogler, *Chairman*,
Executive Vice President, American National Insurance
Company, Galveston, Texas.
- Harry L. Seay, Jr.,
Executive Vice President, Atlas Life Insurance Company,
Tulsa, Oklahoma.
- Carl C. Weichsel,
Vice President and Treasurer, Great National Life Insur-
ance Company, Dallas, Texas.
- T. L. Bradford, Jr.,
Vice President and Treasurer, Southwestern Life Insur-
ance Company, Dallas, Texas.
- P. M. Greenwood,
Executive Vice President, Great Southern Life Insurance
Company, Houston, Texas.
- H. R. DeMoss,
Vice President, Federal Reserve Bank of Dallas, Dallas,
Texas.

West Coast Insurance Voluntary Credit Restraint Committee

- Harry J. Stewart, *Chairman*,
President, West Coast Life Insurance Company, San
Francisco, California.
- Asa V. Call,
President, Pacific Mutual Life Insurance Company, Los
Angeles, California.
- Raymond R. Brown,
President, Standard Insurance Company, Portland,
Oregon.
- Dwight L. Clarke,
Chairman of Advisory Board, Occidental Life Insurance
Company of California, Los Angeles, California.
- Virgil H. Smith,
Vice President, Beneficial Life Insurance Company, Salt
Lake City, Utah.
- E. R. Millard,
Vice President, Federal Reserve Bank of San Francisco,
San Francisco, California.

Eastern Investment Banking Voluntary Credit Restraint Committee

- Percy M. Stewart, *Chairman*,
Kuhn, Loeb & Co., 52 William Street, New York, New
York.
- T. Jerrold Bryce, *Vice Chairman*,
Clark, Dodge & Co., 61 Wall Street, New York, New York.
- Clarence E. Unterberg,
C. E. Unterberg & Company, 61 Broadway, New York,
New York.
- Frank A. Willard,
Reynolds & Company, 120 Broadway, New York, New
York.
- Arthur Phelan,
Vice President, Federal Reserve Bank of New York, New
York, New York.

Mid-Western Investment Banking Voluntary Credit Restraint Committee

- D. Dean McCormick, *Chairman*,
McCormick & Co., 231 S. La Salle Street, Chicago, Illinois.
- Lee H. Ostrander,
William Blair & Company, 135 S. La Salle Street, Chicago,
Illinois.
- Reno H. Petersen,
The Illinois Company, 231 S. La Salle Street, Chicago,
Illinois.
- Richard W. Simmons,
Blunt Ellis & Simmons, 208 S. La Salle Street, Chicago 4,
Illinois.
- Neil B. Dawes,
Vice President and Secretary, Federal Reserve Bank of
Chicago, Chicago 90, Illinois.
- Robert E. Simond,
Halsey, Stuart & Co., Inc., 123 S. La Salle Street, Chicago,
Illinois.

Southwestern Investment Banking Voluntary Credit Restraint Committee

- John H. Rauscher, *Chairman*,
Rauscher, Pierce & Co., Mercantile Bank Building, Dallas
1, Texas.
- H. H. Dewar,
Dewar, Robertson & Pancoast, National Bank of Com-
merce Bldg., San Antonio 5, Texas.
- William C. Jackson, Jr.,
First Southwest Company, Mercantile Bank Building,
Dallas 1, Texas.

(CONTINUED ON PAGE 114)

Mortgages on National Homes—

an Increasingly Important Source of Secured Investments

"There are several reasons why good prefabricated homes make sound security for mortgages. First, is the ever wider acceptance by the general public, particularly families in the middle- and lower-income groups, of the prefabricated home as the logical answer to their problem of obtaining a quality home at a price within their means."
April, 1951, Savings & Loans News
(Reprinted by permission)



TODAY'S trend in home-building is definitely toward the compact, economically built house, priced so that the new owner can easily meet each payment. National Homes Corporation has produced over 28,000 such homes. With this background, we are naturally able to offer financial institutions a most attractive investment opportunity.

Public Interest in National Homes Now Greater than Ever

Proof of the nationwide interest in National "Thrift Homes" is seen in our recent advertising results. This spring a new illustrated magazine telling all about National homes was offered in our ads at 25 cents a copy. Between April 1 and 20, we received 46,000 requests for this magazine, each with a quarter enclosed. In view of this trend, we feel that mortgages on National Homes merit primary consideration as secured investments. Your inquiry is invited.

National

HOMES CORPORATION • Lafayette, Indiana

Eastern Plant • Horseheads, New York

NATION'S LARGEST PRODUCERS OF PREFABRICATED HOMES

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HAVE YOU SAFEGUARDED THESE

MINUTES OF DIRECTORS' MEETINGS
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 SAVINGS LEDGERS
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 DIVIDEND CHECKS
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High-speed Bell & Howell recorder. Three reduction ratios available. Photographs fronts and backs of documents side by side on 16 mm. film, or at the flick of a switch, converts to 8 mm. photography of fronts only up one side of the film and down the other.

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Taking steps to protect vital records from possible damage or loss is simply good business. By doing so, you safeguard the interests of all concerned—stockholders, customers and employees alike. Through protective measures, you invest in a future of continuing progress.

Probably you are using microfilm for recording checks and statements and know its advantages. Why not use microfilming to protect *all* your valuable documents . . . documents that support your

asset and liability position, your relationships with depositors and employees? Microfilming is the fastest, surest, most economical way . . . and Burroughs microfilming is particularly fast, efficient and thrifty, permitting you to place *more* documents on a roll of film than does any other!

Your Burroughs representative will welcome the chance to demonstrate the ease and economy of microfilming . . . with equipment built by Bell & Howell, a famous name in fine photography. You may also wish to have the new Burroughs booklet, "Safeguarding Vital Records with Burroughs Microfilming," which presents a definite procedure for reproducing your records. Just ask your Burroughs man for your copy.

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Cleveland	New Orleans	San Francisco
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(CONTINUED FROM PAGE 110)

Edward Rotan,
Rotan, Mosle and Moreland, 806 Rusk Avenue, Houston 2,
Texas.

W. D. Gentry,
First Vice President, Federal Reserve Bank of Dallas,
Dallas 13, Texas.

**Western Investment Banking Voluntary Credit
Restraint Committee**

Frank F. Walker, *Chairman*,
Dean Witter & Co., 45 Montgomery Street, San Francisco 6, California.

Mark C. Elworthy,
Elworthy & Co., 111 Sutter Street, San Francisco 4, California.

Edward C. Henshaw,
William R. Staats Co., 111 Sutter Street, San Francisco 4,
California.

VCRP Kit

A KIT containing information and material which can be sent to customers interested in the Voluntary Credit Restraint Program has been prepared by the American Bankers Association, for distribution to banks on request. The kit is described in this issue of "Banking News," which begins on page 90.

Frank Weeden,
Weeden & Co., 315 Montgomery Street, San Francisco 4,
California.

E. R. Millard,
Vice President, Federal Reserve Bank of San Francisco,
San Francisco 20, California.

The New York Area, For Example

(CONTINUED FROM PAGE 36)

The Voluntary Credit Restraint Program will thrive on publicity. Banks are using every opportunity to tell the story, clearly and simply, to their customers and to the public in personal conversations, talks, and advertising.

The seven banks of New Haven, Connecticut, for example,* published an ad stating their "fundamental lending policies in the light of the inflationary pressures now apparent throughout the nation," and pledging their support to PFVCR.

"We will refrain," they told the public, "from making loans which appear to be speculative in nature, which might stimulate the accumulation of excess inventories, or which might otherwise contribute to the many inflationary influences now at work. We will cooperate to the utmost in financing defense. We will continue our regular practice of making loans for the normal needs of production and distribution, and for all other reasonable purposes.

"We believe that these policies will further the preparedness effort and assist in preserving our American way of life."

BANKING asked one of the New York committeemen about the kind of credit applications being submitted to it.

"Well," he said, "thus far a very large majority has been for loans to retire stock. Those, obviously, are out—the program's Statement of Principles says so specifically.

"Could it be that some of our banks need a little educating, too?"

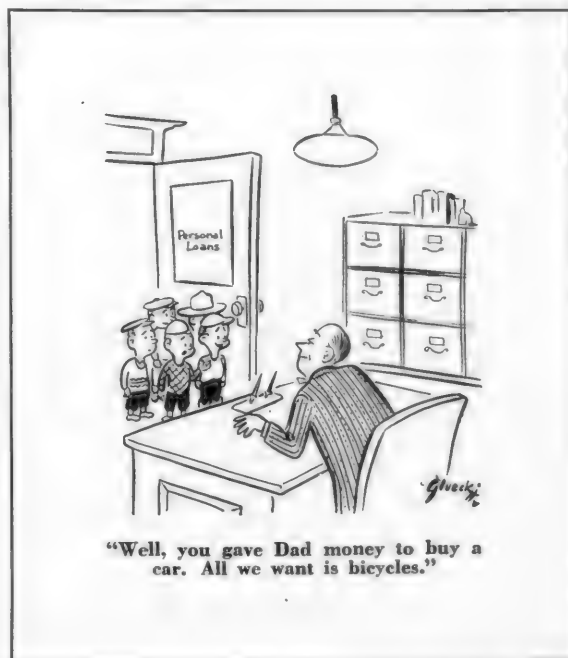
* Similar group advertisements have been published in many cities throughout the country.

"A Patriotic Service"

Referring to the Program for Voluntary Credit Restraint, James E. Shelton, president of the American Bankers Association, said:

"We are called upon to assist in rendering a patriotic service in this emergency. Let us meet the challenge in this spirit and put aside any petty thought of securing any competitive advantage. By doing so we shall make a patriotic contribution as bankers and citizens."

A.B.A. Vice-president C. Francis Cocke termed the program "a great adventure in American finance" and expressed his belief that "the future of private banking business rests largely on our ability as bankers to carry forward this program successfully."



"Well, you gave Dad money to buy a car. All we want is bicycles."

Chrysler Airtemp

THE ORIGINAL *"Packaged"* AIR CONDITIONER



FIRST AND FINEST IN THE FIELD



Enjoy an indoor atmosphere this summer that's as refreshing as a sea breeze—install Chrysler Airtemp "Packaged" Air Conditioners—First Choice of the Nation for controlled indoor climate in stores, shops, offices, factories and homes. More Chrysler Airtemp units are in use than any other make . . . and the majority can't be wrong.

Chrysler Airtemp's many exclusive features make this unit America's outstanding air conditioning buy. Whisper-quiet operation—handsome, modern cabinet—rugged, durable construction—all these and many more advantages

are yours with Airtemp—originators of "Packaged" Air Conditioners and the high speed Sealed Radial Compressor.

Have your nearby Chrysler Airtemp dealer show you how easily you can fit air conditioning into your business plans for 1951. He'll tell you about the complete range of sizes (2-, 3-, 5-, 8- and 11-ton capacities) which enable him to provide an installation tailored to individual requirement. Or, if you prefer, mail coupon for complete information.

Chrysler Airtemp

AIR CONDITIONING • HEATING • COMMERCIAL REFRIGERATION

AIRTEMP DIVISION OF CHRYSLER CORPORATION, Dayton 1, Ohio



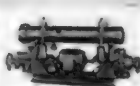
ROOM AIR CONDITIONERS



DEHUMIDIFIERS



COMMERCIAL REFRIGERATION



CENTRAL STATION SYSTEMS



YEAR-ROUND AIR CONDITIONERS

AIRTEMP DIVISION OF CHRYSLER CORPORATION
Dayton 1, Ohio B-6-51

Please send me information on how Chrysler Airtemp air conditioning can help me build business this summer.

Name _____
Address _____
City _____ Zone _____ State _____

New Money Orders Coming July 1

MELVIN C. MILLER

As secretary of the Bank Management Commission of the American Bankers Association, the author has been closely associated with this project.

ON July 1, new United States Postal Money Orders will come into use. They will be new in form and with a completely revised system for clearing.

The plan represents years of consideration by Post Office authorities, the Federal Reserve System, and the Bank Management Commission of the American Bankers Association. The Commission's activity has been carried largely by James H. Kennedy, chairman, who is vice-president and cashier of the Philadelphia National Bank, assisted by Leslie K. Curry, vice-president and comptroller, Mercantile-Commerce Bank and Trust Company, St. Louis, and Harold E. Randall, vice-president, First National Bank, Boston.

The new plan will simplify handling procedures for banks as well as for post offices in that money orders will be cleared through the Federal Reserve System as par items.

This will mean the elimination of many headaches for the average bank. Heretofore money orders have been payable at par only at a designated post office (or the post office of issue). Since well over 400-million are circulated each year, large numbers of them find their way into bank deposits.

The bank has been faced with a choice of three courses of action: (1) cash the money order at the local post office—if that happened to be the one designated for payment; (2) send it for collection to a bank in the city of the post office designated as the payor; or (3) pay the local post office an amount identical to that charged for issuing the money order if the local post office happened to be neither the office of origin or the one designated for paying.

Punched Card Form

The basis of the new system is a money order form printed on a tabulating card prepunched to designate a regional post office and serial number. The money orders may be cashed at any post office or bank within a period of one year from date of issue. They will be cleared through the Federal Reserve System and channeled for accounting purposes to 12 regional postal areas which will conform generally with the Federal Reserve districts.

The money orders will be handled by the Federal Reserve banks as are other cash items. The Federal Reserve banks will then turn the paid orders over to the respective regional post offices, which in turn will prove the debit created by those banks and forward the orders to the several regional post offices of origin as indicated by the regional office numbers prepunched in the

cards at the time of their manufacture.

Installation of newly designed electrical tabulating equipment in the Federal Reserve banks and at the regional post offices will enable the paid orders to be set up in serial sequence and mechanically checked against the issuing postmaster's accountability much more quickly and economically than is possible under present accounting procedure.

The new money orders will be handled as if they were checks. Endorsement will be like that of checks in that it now will go on the back of the money order form.

The new plan is expected to turn the money order business into a profit for the Post Office Department — thus saving taxpayers' money. It assuredly will streamline the handling of this business by the banks.

Signed on back, like checks

PAYEE MUST ENDORSE ON LINE BELOW MARKED "PAYEE"

OWNERSHIP OF THIS ORDER MAY BE TRANSFERRED TO ANOTHER PERSON OR FIRM IF THE PAYEE WILL WRITE THE NAME OF SUCH PERSON OR FIRM ON THE LINE MARKED "PAY TO" BEFORE WRITING HIS OWN NAME ON THE SECOND LINE. MORE THAN ONE ENDORSEMENT IS PROHIBITED BY LAW. BANK STAMPS ARE NOT REGARDED AS ENDORSEMENTS.

PAY TO _____

PAYEE _____

THIS ORDER BECOMES INVALID ONE YEAR FROM THE LAST DAY OF THE MONTH OF ISSUE

REMITTER SHOULD HOLD THIS RECEIPT UNTIL SURE THE ORDER HAS BEEN PAID

WHEN MAKING INQUIRY REGARDING ORDER PRESENT THIS RECEIPT AT ANY POST OFFICE

SENT TO _____

ADDRESS _____

FOR _____

Reproduced below is the new Money Order which goes into use July 1

United States Postal Money Order 1-98,765,432

MAY BE CASHED AT ANY POST OFFICE COLLECTIBLE THROUGH ANY FEDERAL RESERVE BANK

NOT GOOD FOR MORE THAN LARGEST AMOUNT CIRCLED \$ 5 10 25 50 75 100

PAY TO _____

REMITTER _____

P.O. D. _____

DO NOT FOLD, STAPLE, SPINDLE OR MUTILATE

United States Postal Money Order 1-98,765,432

PURCHASER'S RECEIPT

DETACH AND HOLD

SEE INSTRUCTIONS ON REVERSE SIDE

ISSUING OFFICE _____

ISSUING DATE _____

STAMP _____

Before a manpower crisis hits **your** office

provide the { **Added**
Business of **AUDIOGRAPH** dictation!
Capacity



Ever consider the possibility of a manpower crisis in *your* office?

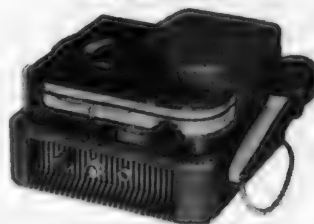
The growing demands of the Defense Program are already having their impact on offices throughout the country. This may strike *you* sooner than you think!

Already solving the problem for thousands upon thousands of offices is AUDIOGRAPH dictation . . . for the A B C (added business capacity) of AUDIOGRAPH means increasing office output (*up to 30%*) without adding to personnel.

No better way of assuring the steady flow of office output than meeting the problem *before* a dearth of competent personnel finds *you* short-handed. To discover the best means of licking the problem, mail the coupon, *today!*

We regret that we cannot always deliver AUDIOGRAPHS without delay. But demands have exceeded all precedent . . . and these days we're also devoting much of our efforts and raw materials to national defense work. So—if you're waiting for delivery of your new AUDIOGRAPHS — won't you please be patient? You'll find them well worth waiting for!

Dictating and transcribing
are E-A-S-I-E-R



with AUDIOGRAPH

Gray
AUDIOGRAPH

ELECTRONIC
SOUNDWRITER

AUDIOGRAPH sales and service in 180 principal cities of the U.S. See your Classified Telephone Directory—under "Dictating Machines." Canada: Northern Electric Company, Ltd., sole authorized agents for the Dominion. Overseas: Westrex Corporation (export affiliate of Western Electric Company) in 35 foreign countries.

TRADE MARK "AUDIOGRAPH" REG. U. S. PAT. OFF.

● THE GRAY MANUFACTURING COMPANY, HARTFORD 1, CONNECTICUT

● Send me Booklet 6-U—"Now We Really Get Things Done!"

● Name

● Title

Firm

● Street

City



Yardstick for Bank Costs

(CONTINUED FROM PAGE 42)

tion and technical assistance of the Federal Reserve Bank of Richmond.

Since 75 percent of Virginia banks have deposits of less than \$5-million, the committee's chief concern was for these smaller banks. Further, it felt that these banks were most in need of aid. Current figures support that belief. Based on 1950 earnings reports as compared with 1949, Virginia banks with deposits under \$2-million had a *drop* of 16 percent in *gross* earnings and 20 percent in net current earnings. Banks in the \$2- to \$5-million class increased their gross slightly, but the "net" was below 1949. Even in the \$5- to \$10-million group the gain was negligible, net earnings rising but 1 percent. Only banks with deposits of more than \$10-million, a mere 11.5 percent of the state's banks, showed a substantial increase—nearly 20 percent.

This situation points up the chief fallacy of dealing in aggregates—they obscure counter trends and weak spots. Just recently, Chairman Harl of the Federal Deposit Insurance Corporation announced, "The year 1950 was the most profitable one for our banks in the history of this Nation." If, however, the Virginia experience can be accepted as typical, then hundreds and even thousands of banks throughout the country had smaller "nets" in 1950 than in 1949—a situation completely obscured by the higher profits of the larger banks.

The same line of reasoning applies with respect to individual banks. Satisfactory net profits do not necessarily mean that all services are properly priced or that all departments are operating profitably. On the contrary, as the Virginia cost analysis showed, despite gratifying net profits, *18 of the 38 banks in the study operated one or more departments at a loss*, during the year studied, and some of the larger banks of the state were included. Surprisingly, one bank even showed a loss on demand deposits. In this case, no service charges were in effect and, probably due in part to this fact, activity was 50 percent above the average for banks of like size. Only by analyzing costs can the facts be known, the weak spots be uncovered and corrective measures be taken.

Departmental Losses	No. of Banks	All Banks	Size Groups by Total Resources			
			Under \$2.5 Million	\$2.5-\$5 Million	\$5-\$10 Million	Over \$10 Million
Demand Deposits.....	1	\$ 2,389.00	\$	\$2,389.00	\$	\$
Time Certificates...	2	4,182.00			1,622.00	2,560.00
Christmas Savings.....	6	6,872.00	89.00	25.00	389.00	6,369.00
Trust Departments..	10	94,850.00	288.00	12.00	3,589.00	90,961.00
		\$108,293.00	\$377.00	\$2,426.00	\$5,600.00	\$99,890.00

The cost formula adopted by the Virginia committee, after consideration of several methods, was that developed by William C. Rempfer, president of the First National Bank of Parkston, South Dakota. This method, which seemed most adaptable to the smaller banks and to offer the maximum in results for the

Costs of Making and Servicing Loans	All Banks	Size Groups by Total Resources				Your Bank
		Under \$2.5 Million	\$2.5-\$5 Million	\$5-\$10 Million	Over \$10 Million	
Unsecured Loans and Renewals.....	\$1.42	\$1.20	\$1.18	\$1.50	\$1.73	\$.....
Commodity Credit Corp. Loans.....	2.62	2.73	2.31	2.62	3.56	.....
Loans Based on Fi- nancial Statements.	3.56	3.00	2.95	3.75	4.32	.....
Secured Single- Payment Loans....	8.89	7.50	7.37	9.37	10.80	.....
Instalment Loans...	5.97	5.04	4.96	6.30	7.26	.....

work entailed, has been employed by the Country Bank Operations Commission of the American Bankers Association in testing more than 7,000 banks. Details of the plan were published in the fall of 1948 as "Simplified Cost Analysis for the Smaller Nondepartmentalized Banks."

Due to the wide seasonal fluctuations in activity in the Virginia banks and variations in seasonal peaks in the several sections of the state, item counts were made for an entire year rather than for a shorter period presumed to be normal or typical. A test tabulation at the end of the first quarter, designed to develop flaws in the process or instructions, when later compared with the annual totals, varied so widely that the added work was well justified.

Generally, the time studies merely required the dividing of the number of items handled in a given period into the elapsed time. A few controlled time "tests" with stop watches were made first, both as a means of developing probable difficulties and of checking on the accuracy of reported data. Certain supplementary work forms were designed to conserve time and to increase uniformity in reporting.

The committee initiated this study as a means of developing a fair standard of comparisons, or "yardstick," based on identical procedures. In addition, it felt that interest in costs would be stimulated thereby. In furtherance of this end, the results were published in a booklet entitled, *A Yardstick of Costs for Virginia Banks*, with space provided in the tables of "median" costs for insertion of "Your Bank" figures.

Service Charge Cost Factors	All Banks	Size Groups by Total Resources				Your Bank
		Under \$2.5 Million	\$2.5-\$5 Million	\$5-\$10 Million	Over \$10 Million	
Maintenance (per month).....	\$.326	\$.341	\$.284	\$.329	\$.325	\$.....
Deposit Tickets....	.117	.126	.103	.119	.117	.....
"On Us" Checks....	.059	.061	.052	.060	.059	.....
Local Clearing Items.	.039	.042	.034	.039	.039	.....
Remittance Items...	.039	.041	.034	.040	.039	.....

The widely-held belief that instalment loans cost more to make and service than any other type of loan was supported by the results of a somewhat similar study made by the Country Bank Operations Commission about 1945. According to the Virginia analysis, however, *instalment loans cost less to make and service than single payment secured loans*. Instalment loans, including 12 payments, required only 84 minutes on the average as against 125 minutes for single payment secured loans. This rather startling finding of the study probably reflects the effects of several factors tending to cut the costs of making and servicing

(CONTINUED ON PAGE 120)

\$200,000⁰⁰ IN A HURRY...

UNDER BANKERS' BLANKET BOND!

The accompanying letter tells its own story...

That story points to a lesson: Every bank today should have its insurance requirements surveyed, competently and professionally, by an expert in this specialized field.

The Fidelity & Casualty Company, the pioneer in the field of insurance analysis for banks, will undertake a survey of your institution, in cooperation with your local insurance agent or broker.

There's great strength—unquestioned soundness behind "F & C" protection. That strength is attested in the \$465,000,000.00 in claims paid out by The Fidelity & Casualty Company, a part of the total of \$1,690,000,000.00 paid out in claims by The America Fore Insurance Group, of which it is a member company.

Send the coupon below to have an insurance analysis made for your institution—at no obligation. Be sure to include the name of your insurance agent or broker—**TODAY!**

MAIL THIS COUPON



Gentlemen: We desire to have a survey made of our insurance without cost or obligation.

Name _____

Address _____

Name of Our Insurance Agent or Broker _____

The Fidelity and Casualty Company of New York

80 MAIDEN LANE, NEW YORK 38, N. Y.

LOOK FOR THIS SEAL ON YOUR POLICIES

MEMBER OF THE

America Fore
INSURANCE GROUP

Mitchell Street State Bank
Milwaukee 4, Wis.
November 29, 1950

The Fidelity & Casualty Company of New York
324 East Wisconsin Avenue
Milwaukee 2, Wisconsin

Gentlemen:

Even though we are not fully recovered from the terrific impact of the November 14 holdup of our messenger carrying clearing house checks drawn on our bank in the amount of \$399,469.10, we can't help but advise you of our true feelings in this connection at the present moment. Considerable work is still facing us, but we wish to take this occasion to sincerely congratulate you and thank you for the splendid cooperation and assistance given us by your Milwaukee office by Messrs. Thomas Graham, H. P. Burns, and Richard Wood. The action of your people was so speedy that we cannot understand the operation of it. Without a quibble the full amount of our blanket bond form #24 in the amount of \$200,000.00 was delivered to us upon call.

No specific instructions were given as to the final disposition of this matter. The adjustment was left entirely on our own terms and to our unlimited discretion. Such prompt service made a lasting impression on the Officers and the Board of Directors of our bank. Best wishes to you and your personnel handling our difficult task, and hoping that the present pleasant relationship will remain for a number of years.

Very truly yours,
MITCHELL STREET STATE BANK
Richard Caspowski,
Exec. V. P. and Cashier

RC:org

THE FIDELITY AND CASUALTY COMPANY OF NEW YORK
3-922 No. L 673390 C
Milwaukee, Wisconsin November 17, 1950

PAY TO THE ORDER OF MITCHELL STREET STATE BANK
TWO HUNDRED THOUSAND AND 00/100 \$200,000.00
In full settlement of messenger holdup loss occurring on November 14th, 1950

THE CITY COLLECTION DEPARTMENT OF THE NEW YORK CLEARING HOUSE

CL. 600 600 10000000 00

CLAIM DRAFT

H. P. Burns



Letterheads are particularly important in the insurance and banking field where so many transactions depend upon correspondence. The materials for a practical study of letterhead design problems are contained in this portfolio which includes a Test Kit of 24 basic letterhead treatments with production data. To secure a copy ask your printer, engraver, or paper merchant . . . or write on your business stationery direct to us.



(CONTINUED FROM PAGE 118)

It was to be expected that banks participating in the study would derive useful facts and benefits for their efforts, and these banks did receive complete reports on their own operations and schedules showing the ranges of costs as well as the medians. The following summary from the Country Bank Operations Commission's "Simplified Cost Analysis" indicates the wealth of information which a cost analysis can provide:

(2) Earnings received from investment of demand deposits—(for use as a basis in formulating a sound earnings credit allowance for service charges).

(4) Earnings received from investing savings funds and the costs of servicing these deposits—for use as a basis in formulating sound policy regarding savings interest rates).

(5) Comparison of work output by your staff with average production.

- (6) Investment costs and net earnings investments.
- (7) Comparison of operational procedures and results with other banks.

(8) Sound basis for formulating policies and forecasting future developments.

The Virginia Bank Management and Research Committee recognizes, of course, that cost analysis is not an end in itself; rather, that it is but one of management's "tools" for reaching sound decisions. Intelligently interpreted and effectively applied, however, cost data can lead to higher efficiency, greater productivity, lower costs and larger profits.



"Hurry up, Harry. What are you waiting for?"

Business looks up when the building looks up-to-date . . .



Architect: Walk C. Jones and Walk C. Jones, Jr., Memphis, Tenn.
Pittsburgh Products Used: Polished Plate Glass; Pitco Store Front Metal; Pittsburgh Doorway.

whether it's your bank building

or a retail property you manage



Architect: Leif Valand, Raleigh, N. C. Pittsburgh Products Used: Polished Plate Glass; Pitco Premier Store Front Metal.

**Store fronts
and Interiors
by Pittsburgh**



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY

ANY way you look at it, your bank gains through modernization programs. Remodeling your own bank building gives it a more progressive appearance, attracts more depositors . . . and you increase the efficiency of your bank's operations at the same time. When you remodel retail properties managed by your bank you attract new tenants, keep present tenants happy, increase your revenue with increased rentals.

Modernization represents a sound loan risk, too. For when you grant loans to "good-risk" merchants to help finance their remodeling programs you open the way to new or increased deposits for your bank.

Whatever your interest in modernization may be, remember that Pittsburgh Glass and Pitco Store Front Metal are the recognized leaders in modernization materials. Two examples of how Pittsburgh Products were used to create installations with unusual attraction-power are pictured on this page. For other examples, and for further information about Pittsburgh modernization materials, write for our free booklet, "How To Give Your Store The Look That Sells." Just return the coupon.

Pittsburgh Plate Glass Company
2159-1 Grant Building, Pittsburgh 19, Pa.

Without obligation on my part, please send me a **FREE** copy of your booklet on store modernization, "How To Give Your Store The Look That Sells."

Name.....

Address.....

City..... State.....

Methods and Ideas

(CONTINUED FROM PAGE 45)

stub, and transmit the money. The telegraph company's services are used in a similar manner at points in a 100-mile radius.

The express company's fee for the money order service is eight cents. The charge for wire transmittal is slightly higher, depending upon the amount and the distance.

Through an occasional ad in a Philadelphia retail credit magazine, the bank reminds merchants and dealers that "First National is as close to most of your customers as the store around the corner"—because they can make their payments easily, without long journeys to the bank, buying postal money orders or having checking accounts.

"In addition," Vice-president Alexander Gunther tells **BANKING**, "a number of retail merchants who desire floor traffic have arranged with American Express, through us, to be appointed bonded agents. They are glad to sell money orders as it brings people into their stores. We're glad they have the service, for it permits them to accept our payments in their stores and transmit them to us."

The agent detaches the customer's coupon, pins it to the money order, stamps the stub with the date and branch code number, then transmits the funds to his agency's central office in Philadelphia. There the day's accumulation of coupons is totaled and delivered to the bank the next morning, with one check.

The service, says Mr. Gunther, who is in charge of the First's consumer credit department, has enabled the bank to "save time, money and effort on the part of customers who are far removed from our three central city offices.

"They do not have to take the time to journey into Philadelphia to make the payments or to stand in long lines at the postoffice, paying a relatively high charge for a postal money order.

"It gives borrowers practically day and night paying facilities at the neighborhood drugstore, grocery, stationer's etc. The cost is only a fraction of the transportation fares to and from the city. And the plan is useful to the man who hasn't the wherewithal to carry a personal checking account.

"From our viewpoint, the plan saves lobby and window crowding during banking hours and guarantees that payment has been accepted by a bonded agent."

Bank Entertains Service Clubs

As a means of promoting good will, the **BAY STATE MERCHANTS NATIONAL BANK** of Lawrence, Massachusetts, entertained the city's service clubs: Rotary, Exchange, Lions and Kiwanis.

The memberships were luncheon guests at the bank. After a welcome by President Howell M. Stillman, each group was taken on a tour of the **BAY STATE MERCHANTS**.

Invitations to the clubs were extended in this letter from Mr. Stillman:

It has always seemed to me that better understanding would be encouraged if every businessman had some knowledge of his neighbor's business and how it operates. Almost everyone has some banking connection and yet how few understand what makes banking operate and how the funds flow from one point to another. With this thought in mind we believe that it would be mutually advantageous and promote a friendly atmosphere and better understanding between business and banking if we could have opportunity to explain our operations to our neighbors.

In order to bring this thought into action, the best plan we could think of was to invite the several service clubs to be our guests at various times. We shall be pleased to have you name a date when it will be convenient for you to be our guests here at the bank at your usual luncheon hour when we shall provide a suitable repast. Following this there will be no speeches but only a

few brief remarks of welcome followed by an inspection of the bank's operating departments and some explanation of how the work flows through which eventually produces the credit in each account for the use of the depositor who has made a deposit. . . .

The bank reports that reactions to the visits have been excellent.

Instalment Loan Due Dates

THE **GREENVILLE** (Mississippi) **BANK AND TRUST COMPANY** has only five due dates for all its instalment loans.

Comptroller W. M. Cortner says the system saves much time in mailing, and works out "very satisfactorily."

The dates are the 2nd, 10th, 16th, 20th and 25th. One of these, reports Mr. Cortner, "will always suit any particular circumstance."

"By using just these five dates," he explains, "it follows that we have only five days on which we have to send out past due notices. We use a triplicate form when we make out the first past due notice; thus the second and final notices are ready for mailing in case payments are not made at the end of 5, 10 and 15 days after due date."

Mr. Cortner says that before this system was installed he was advised it wouldn't work. One objection was that the bank would find itself with too many loans maturing on certain days, thus overcrowding the window. However, this has not been the case because persons paying their notes usually meet their instalments one or two days before, and up to five days past, the due date.

(CONTINUED ON PAGE 124)

The Exchange Club of Lawrence, Mass., was one of the service organizations entertained by the Bay State Merchants National Bank. At the luncheon, left to right, the club's secretary, Arthur R. Clinton; its president, Robert G. Doyle; Bank President Howell M. Stillman; and the club's vice-president, Robert S. Kessler





These 10 keys open the way to greater posting efficiency

The modern way to post
depositors' checking accounts
is with the **UNDERWOOD SUNDSTRAND**
Bank Model Accounting Machine

More work . . . in less time . . . with less effort . . .
that's a thumbnail description of results after you
install Underwood Sundstrand.

Management likes it because greater efficiency
means lower costs; higher profits.

Employees like it because the Underwood
Sundstrand Bank Model Accounting Machine is so
easy to use.

One big reason for this approval is the conven-
ient 10-key keyboard. *This is the simplest keyboard
ever devised for an accounting machine.*

Underwood Corporation

Accounting Machines . . . Adding Machines . . .
Typewriters . . . Carbon Paper . . . Ribbons

One Park Avenue **New York 16, N. Y.**
Underwood Limited, Toronto 1, Canada

Sales and Service Everywhere

© 1951

Fast, accurate, touch-operated . . . this logically
arranged 10-key keyboard adds speed to an oper-
ator's job . . . while it cuts tiresome head-swing,
and its attendant errors.

Available with or without the Automatic Check
Count Feature, this Underwood Sundstrand model
can be applied to the Single or Dual plan of post-
ing checking accounts.

Get the whole story on the Underwood
Sundstrand Bank Model. Our new folder, "The
Modern Way" gives full details. The coupon will
bring you your copy. Mail it today.

UNDERWOOD CORPORATION
One Park Ave., New York 16, N. Y.

B-6-51

Gentlemen:

Please send me your folder on the new Underwood
Sundstrand Bank Model Accounting Machine for post-
ing Depositors' Checking Accounts.

Bank _____

Your Name _____

Address _____

City _____

Zone _____ State _____

(CONTINUED FROM PAGE 122)

"Another objection," he reports, "was that instalment loan paper which we might discount for our dealers would come in with all sorts of due dates. This problem was easily solved by supplying the dealers with the due dates.

"In fact, we have profited by the schedule because we try carefully to set the due dates into the borrower's monthly budget. For instance, if he has several obligations around the first of the month and is paid semi-monthly, his instalment should be placed around the middle of the month. To make his instalment due on the 8th, say, would get his loan

off to a bad start, as he could not possibly make his payments until around the 15th or 16th."

A Goodwill Service

THE HOUSTON NATIONAL BANK, Houston, Texas, introduced a new goodwill service to the bank's business accounts. Notices were inserted in recent statements suggesting that the customers review their fire and explosion insurance coverage in view of the increased costs of merchandise and construction.

Many recipients called or wrote letters thanking the HOUSTON for the suggestion. One firm found that

its insurance would cover only about half the replacement cost of the property.

A letter went to all general insurance agencies in the city calling attention to the notice and expressing the bank's interest in and co-operation with the insurance business. The response to this, reports Joseph H. Banks, director of the bank's new business development department, was "even more gratifying."

Last month a notice enclosed with the statements suggested a review of life insurance programs. It read:

"To Our Customers and Friends: The cost of living has materially increased. The purchasing power of the dollar has decreased. Therefore it is suggested that a review of your life insurance program may be desirable at this time."

Bank Boosts E Bonds

THE FIRST NATIONAL BANK of Tampa, Florida, took up its advertising cudgels to defend United States Savings Bonds.

Although the bank deplores the forces sustaining and encouraging the inflationary trend, it is concerned with the criticism directed at the investment value of the Series Es, feeling that such an attitude is ill-advised and harmful in these critical times.

What needs to be done, it decided, is to encourage thrift and the continued purchase of the bonds by the

19 of America's 25 Largest Businesses are Shawmut Customers*

YOU CAN BANK ON THE BANK
BUSINESS CHOOSES

The National Shawmut Bank

40 WATER STREET, BOSTON

Member Federal Deposit Insurance Corporation

Capital and Surplus \$30,000,000

*Based on Sales Reported by Moody's Manual.



ARE YOU LOOKING TOWARDS PERU...?

The promotion of Peruvian foreign trade has been one of the main objects of our bank ever since its foundation over 60 years ago. If you are interested in doing business in Peru a letter addressed to us will assure you our friendly co-operation.

BANCO DE CREDITO DEL PERU

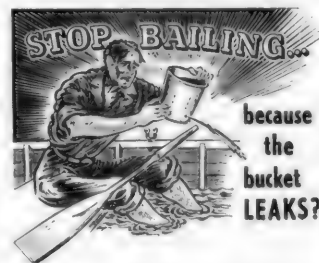
Head Office - - LIMA

60 Branches Throughout the Country

CAPITAL - S/.40,000,000.00

SURPLUS - S/.48,271,227.93

"Peru's Oldest National Commercial Bank"



TELL that to the next alarm, who criticizes the buying of U. S. Savings Bonds? Sure, the value of our dollar has declined in recent years . . . causing ALL long range investments to "leak" a little. Savings, insurance benefits, pensions, too! But in the time to THROW AWAY one of our strongest hopes of regaining stability, to stop our best way of putting aside excess buying power which in itself is most responsible for the leak? On the contrary. Now is the time to BUY MORE BONDS, hang on to the ones you have, and so put away as much as possible in savings accounts. Only by making the most of what we have, by buying only what we need, and by avoiding the temptations of easy credit pitfalls can the inflationary tide be stemmed.

STOP BAILING? America stands high today because Americans yesterday took pride in doing the best they could with the tools on hand!

Part of a First National Bank of Tampa
E Bond ad

people for the good of the country. So it published two strong ads—one is reproduced herewith—urging the public to buy more bonds.

The other advertisement, headed "Watch Your Money Grow," pointed out that the first Es were beginning to mature.

"You don't have to cash these bonds . . . you can let them continue to grow," said the copy. "An original investment of \$75 now draws interest on \$100. . . . Your \$75 investment will grow to \$133.33. You can cash these bonds anytime you need to and after only six months you can cash them at another profit. But if you keep your bonds, as it is now arranged for you to do, you can still watch them grow.

"Don't let anyone fool you. Nothing in the world is as safe or secure in value as the bonds of your own country."

The First's president is V. H. Northeutt, Florida chairman of the Treasury's Savings Bond Division.

Policing Corporation Accounts

THERE has been an increase in the number of corporation checks containing special conditions of payment, says "Aids and Suggestions for Improving Bank Operations, Vol. II," recently published by the A.B.A. Bank Management Commission. This policing of accounts assumes several forms. Actual examples are cited:

(1) Checks up to \$500 require only one signature; those over that amount require two.

(2) Certain officers of the corporation may sign checks up to a certain amount, while different officers must sign checks above that amount.

(3) Checks bearing various notations such as:

Not valid before date shown below.

Not due before above date.

Void after 60 days.

Void after 60 days from date of check.

If presented within 30 days payable to the order of.

Void after 90 days.

No good for more than \$.....

The manual points out that "the responsibility and liability as to risk should rest primarily upon the originators of instruments and transactions.

"The originators of these trans-

actions have means of insuring or protecting themselves and the primary responsibility should rest with such organizations. However, if a bank does agree to perform such a service the Commission recommends that careful consideration should be given to limiting its liability as much as possible by special agreement.

"Any extra work involved in handling such types of activity should be compensated by balances or be subject to special service charge sufficient to cover the additional work required in having an officer handle or supervise the account and to cover the risk taken."

A Tour, a Talk— and Plenty of Chicken

THE seniors of the Ketchum, Oklahoma, High School know now (if they didn't before) that a bank is an interesting place, run by men and women who are just as friendly and folksy as the druggist, the grocer or anybody else around town.

Visiting the FIRST STATE BANK of Ketchum, the young people not only took a sight-seeing tour; they learned about banking by enacting the roles of tellers, bookkeepers, loan officers, customers—and they had real money to practice with. They

(CONTINUED ON PAGE 127)

NEW...A PAYMENT COUPON BOOK

which reproduces

Perforations as Legible as Printing

● More error-free postings per hour. Less eye-strain per day.

● Perfect identification of mail payments. Faster personal service.

● More exact payments. Less follow-up costs and annoyances.

● Applicable to any account set-up. No supply problem. Less costs.

5/16" figures so outstanding that they are easily read at 14 feet.



Many of the best known Banking Names in the Time Credit Field have adopted this ultra-modern Payment Book on sight.

Only by seeing this new book can you appreciate its legibility, flexibility and waste-reducing features. We invite you to write for an assortment of samples, perforated with amounts, dates and account classifications. No cost. No obligation. Write today.

ALLISON COUPON COMPANY, INC.
INDIANAPOLIS 6, INDIANA

INVESTORS MUTUAL INVESTORS SELECTIVE FUND INVESTORS STOCK FUND INVESTORS SYNDICATE OF AMERICA

Prospectus on request from Principal Underwriter

INVESTORS DIVERSIFIED SERVICES

ESTABLISHED 1894 AS INVESTORS SYNDICATE

MINNEAPOLIS, MINNESOTA

*Country banks,
too, want
proving efficiency!*



Check these outstanding features . . . you'll find them only in IBM Proof Machines:

- Superior Audit Control.
- Tapes for All Distributions.
- Automatic Check Sorting.
- Positive Endorsements.
- Debit and Credit Flexibility.
- Numerical Check Description.
- Automatic "Cash" Control.
- Duplicate Listings.
- Repeat Key and Progressive Totals for all counters.
- Facility for Verification of Customers' Addition.
- Automatic Error Detection Before Entry.
- Fully Electric Keyboards.
- Simple "10 Key" Operation.

There's no place in today's highly competitive banking scene for out-dated equipment! No matter what the size of your bank, you still must handle complex accounting and auditing problems—quickly and accurately.

IBM Proof Machines are handling this work for every size bank . . . with maximum efficiency.

With an IBM Proof Machine you'll process every daily transaction under full control. You'll take care of peak periods easily. And an IBM Proof Machine is so easy to operate that any member of your staff can quickly learn to use it.



INTERNATIONAL BUSINESS MACHINES CORPORATION
590 Madison Avenue, New York 22, New York

(CONTINUED FROM PAGE 125)

operated the machines, watching attentively as the mechanical aids to modern banking were explained. There was an informal talk by President M. L. Morgan, and then everybody—including the bank people—went to a restaurant for a chicken dinner, with the First as host.

In his remarks Mr. Morgan gave the students some facts about banks: how they exist solely because of the services they provide the community. He sketched the scope of those services. Also, he had a few words to say about banking as a career, and a bit of advice.

"Please remember," he said, "that any business which is *finally* successful must be operated on the principle of the Golden Rule."

"One Moment, Please"

THE STATE-PLANTERS BANK AND TRUST COMPANY of Richmond, Virginia, mailed to its customers a small folder that did a neat public relations job. The cover pictured two women at a telephone switchboard. The title, "One moment, please . . .", invited a look inside, at this message:

"Dear Depositors: For over six years I have answered your calls here at STATE-PLANTERS and many of your voices are well known to me.

"I am happy to tell you that we have, at last, been able to secure additional trunk lines for our switchboard which have long been needed for our growing bank.

"Also, I want to introduce to you Mrs. Evelyn Dunford who has joined our staff to assist me in giving you the best possible service.

"Thank you for your patience when our lines have been busy. We are ready to serve your banking needs.

"Margaret Marshall,
Telephone Operator."

In Brief

UNION DIME SAVINGS BANK, New York, which sponsors a radio program, has been using its commercial to counsel the public in the advantages of thrift and continued purchases of Series E Bonds during the national emergency. Scripts emphasize that by stopping needless spending and saving more money, individuals can help keep the economy stable. Listeners are asked to let the bank show them the advantages of keeping their

holdings of E Bonds and investing in more.

The DENVER NATIONAL BANK has prepared a booklet, "An Introduction to the Marital Deduction Under the Federal Estate Tax Law," which discusses pertinent sections of the 1948 amendments to the law as they apply to common law states. It was written by Howard E. Parks, vice-president and trust officer, and is primarily for attorneys who are not tax specialists.

The CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY of Philadelphia included several novelties in its booth at the 1951 Philadelphia Home Show. One was a scale whereon, during the week, 13,110 persons weighed themselves and then were told, by both attendants, their weight in gold.

A display case contained a scale on which a two-pound solid gold ingot, valued at \$840, balanced \$30 in silver quarters. Both features attracted large crowds. [END]

Farming, like Banking, is based on Sound Planning



Helps Farmers Build For The Future

Bankers, who every year are called upon to advise their progressive farmer clients, know that their own as well as the farmer's future lies in sound business planning. These bankers know that when a farmer makes an investment in quality, dependable MM MODERN MACHINES, VISIONLINED TRACTORS and POWER UNITS, he's investing in machinery that will pay big dividends in securing a more stable future for all.

Farmers Expect, AND Get, More In MM

Farmers know that MM Modern Machines, prepare the ground correctly . . . cultivate the crops properly . . . and harvest the crops right, on time, every time. Since MM farm machines are dependable, a progressive farmer can plan his farming soundly. He expects and receives more from Minneapolis-Moline . . . a wise investment for progressive farmers everywhere.



MINNEAPOLIS-MOLINE

Highlights of 50 Years



KOPPERS COMPANY, Inc.

Koppers Company, Inc., founded by Heinrich Koppers, a German scientist and engineer, has developed in the last 40-odd years from a chemical-recovery coke oven built in Joliet, Illinois, to the huge Pittsburgh corporation it is today with fifty-seven plants spread over twenty-four states.

In spite of the diversity of products manufactured by its six major divisions—Chemical, Engineering and Construction, Gas and Coke, Metal Products, Tar Products, and Wood Preserving—Koppers Company, Inc., remains fundamentally a leader in obtaining and utilizing the power and the hundreds of chemicals contained in coal. Coke ovens are the symbol of Koppers Company, Inc., which builds most of the chemical recovery coke ovens in the western hemisphere. Pictured here glowing coke is being loaded at Kearny, New Jersey.



The insurance industry has long played an important role in the development of commercial, industrial, and cultural America

... through providing vast sums of money for research and expansion and by furnishing the basic insurance protection which progress demands.

National Union
FIRE INSURANCE COMPANY
of Pittsburgh, Pennsylvania



An Adventure in American Finance

(CONTINUED FROM PAGE 35)

This may be obtained if VCR committees will notify the committees in the district or region of the borrower, of requests submitted to them.

So much enthusiasm has arisen among banks that there have been reports of "unsanctioned" committees arising in localities. These truly voluntary efforts are appreciated, but under the Defense Production Act, if the national committee does not name the local committee, then that "unsanctioned" local committee does not carry the immunity from possible later antitrust prosecution which is provided by Sec. 708 of the Defense Production Act.

Each case stands on its merits. Thus, "war memorials" are opposed in Bulletin No. 3 relating to inflationary municipal and state loans. However, a war memorial in the form of a hospital would not be considered an inflationary loan.

LAWRENCE STAFFORD

The living the world owes you is no easier to collect than any other bill.

If a person lives only to get a kick out of life, he may get it—but in the shins.

The oyster may be dumb, but it takes a vacation in May, June, July and August.

If you think your luck is bad, visit a gift shop and see how many things your friends haven't sent you.

There are more accidents in homes than on the highways. It's comforting, at least, to know many people still stay home.

A banker declares it's foolish to keep money around the house. It's not only foolish, but impossible.

If conditions over the world get worse, American businessmen will have trouble getting orders out of chaos.

Main Street

(CONTINUED FROM PAGE 30)

FREDERICK M. E. PUELLE and WILLIAM D. RYAN have been made vice-presidents of United States Trust Company of New York.

A. M. JOHNSTON, president of the Old Freeport (Pennsylvania) Bank, recently observed his golden anniversary in banking.

VICTOR H. ROSSETTI, president of Farmers & Merchants National Bank, Los Angeles, was honored by the Southern California Financial Writers Association for his 58-year career as a banker.

JOSEPH D. ALLEN has resigned as president of the Stock Yards National Bank, Chicago, because of ill health. His successor is B. M. LAMBERSON, formerly vice-president.

ESTEBAN A. BIRD has resigned as executive vice-president of the Government Development Bank for Puerto Rico and returned to private banking.

REPUBLIC NATIONAL BANK OF DALLAS has sold its 20-story building, in the heart of the city, to the Reserve Life Insurance Company. REPUBLIC, however, will continue to occupy the building until its new skyscraper is completed.

Scene below is from variety show put on by members of Harris Trust and Savings Bank, Chicago. Admission was free and the show played to packed houses on three successive days



June 1951

\$10 Million Daily Trade . . .

That's a measure of the two-way flow of goods across the Canadian-U. S. border! Why not explore the opportunities for expanding *your* business in this vast market?

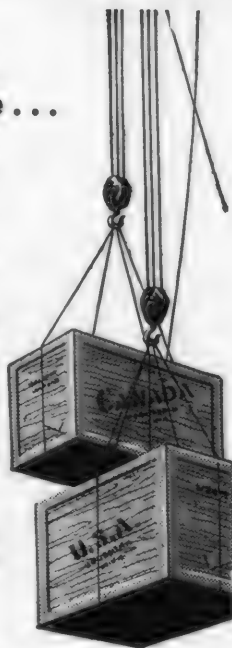
U. S. business men buying, selling and manufacturing in Canada realize they can rely on *The Canadian Bank* to give constructive, efficient banking service and valuable market information. Why not call on *The Canadian Bank* yourself?

These facilities are at the disposal of American banks in behalf of their customers.

The Canadian Bank of Commerce

Head Office—Toronto

New York • San Francisco • Los Angeles • Seattle • Portland, Ore.
and nearly 600 Canadian Branches



HOW AMERICAN BUSINESS SPEEDS UP ITS MAILINGS WITH THE INSERTING AND MAILING MACHINE

A. T. & T. operator at work with the INSERTING AND MAILING MACHINE that automatically gathers enclosures,



inserts into envelopes, prints postage indicia, seals envelopes, counts and stacks ready for the mailbag.

THE INSERTING AND MAILING MACHINE has given American business a sure fire way to eliminate mailing bottle-necks, insure accuracy in handling enclosures, and cut costs by five! The American Telephone and Telegraph Co., for instance, uses the INSERTING AND MAILING

MACHINE to send out quarterly dividend checks to its 1,000,000 stockholders in 19,000 communities. Thousands of top flight firms throughout the country entrust their mailings to the INSERTING AND MAILING MACHINE. Write today for full details.

INSERTING & MAILING MACHINE CO. PHILLIPSBURG, NEW JERSEY



Army Finance

(CONTINUED FROM PAGE 40)

banking operations, a much more complicated system is required. Even as late as the first World War, Army paymasters had but few regulations to guide them in the payment of troops, but even then it was recognized that a specialized school was necessary for the training of finance personnel.

Today there are many kinds of complex operations performed by personnel in the Finance Corps.

Since they cover the whole gamut of payments made by the Department of the Army, a specialized service school designed to prepare military personnel for disbursing activities is an absolute necessity.


The Army Finance School was established on September 1, 1920, at Fort Washington, Maryland. Its purpose was to provide trained personnel to enable the Finance Department (now Corps) to carry out its functions with maximum effectiveness. The various missions assigned to the Finance Corps by the Department of the Army determine

the curriculum of the Army Finance School.

As a result of the mobilization of a 10,000,000-man army during World War II, the Army Finance School carried on a tremendously expanded program. During the years 1942 through 1945 there were 3,089 second lieutenants graduated from the officer candidate course, 1,104 officers graduated from the officer disbursing course, 1,016 officers graduated from the advanced fiscal course, 1,265 specialists trained in civilian payroll administration procedures, 3,077 personnel trained in contract termination work. 391 students graduated from the property audit and sales accounting course, 6,160 noncommissioned officers graduated from the advanced finance enlisted course, and 20,006 enlisted finance clerks, including members of the Women's Army Corps, graduated from the basic finance enlisted course. In addition, there were activated, trained, equipped and prepared for overseas service 150 finance disbursing sections, which served as mobile finance units.

Following the cessation of hostilities and the demobilization of our Army, the activities of the Army Finance School were materially reduced. However, with the declaration by the President of a national emergency and the expressed intention again to build up our armed forces, the Army Finance School is once more assuming a much expanded role in preparing personnel to perform the expanded mission of the Finance Corps.


At the present time the Army Finance School, in its resident instruction program, offers a variety of courses for officers, enlisted personnel and civilian employees of the Department of the Army as well as Air Force personnel. There are two main courses for officers. One is the Finance Company Officer Course, which consists of two technical phases and one military phase. The technical phases are a budget and fiscal phase and a disbursing phase. A student officer may take either one but must also take the military phase. The budget and fiscal phase consists of such subjects as fiscal procedures and controls, budget estimating, Department of Army cost accounting, and accounting and auditing procedures for nonappropriated funds. The disbursing phase consists of such subjects as pay of




**PARTNERS IN
AMERICA'S FUTURE**

The use of the railroads for passenger travel and transportation of freight reached a new high this year. Their facilities for faster and more convenient service are examples of real public benefit. For years, insurance companies have been investing billions of dollars in railroad securities, showing their desire to assist as "partners in industry." The New Hampshire Group is proud of its part in this vast insurance industry.

**RAILROADS AND
INSURANCE**



**NEW HAMPSHIRE
FIRE INSURANCE COMPANY**
Incorporated 1869
MANCHESTER, NEW HAMPSHIRE



**GRANITE STATE
FIRE INSURANCE COMPANY**
Incorporated 1885
PORTSMOUTH, NEW HAMPSHIRE

military personnel, travel allowances, commercial bills, and accounting for public funds.

The other main course for officers is the Finance Officer advanced Course. This course is designed to broaden the financial and fiscal experience and enhance the managerial capabilities of selected senior grade officers. It contains subject matter in three major fields: the political sciences, the economic sciences, and the managerial sciences. In addition to these three areas of study, students in the Finance Officer Advanced Course are required to take a variety of military subjects, as well as subjects designed to develop those characteristics most valuable to Army officers, such as the capacity to speak, do research, prepare written documents, and read rapidly.

There are three courses for enlisted personnel: a Basic Finance Procedures Course, a Finance Enlisted Disbursing Course and a Finance Enlisted Fiscal Course.

Auditor Course

The Army Finance School also offers an accounting and auditing course designed to prepare both military and civilian personnel of the Department of the Army and the Department of the Air Force to serve as auditors. This course consists of such subjects as general employee pay and leave accounting, and industrial property accounting.

In addition to its resident training program, the Army Finance School conducts a comprehensive extension and reserve training program. Over 50 subcourses are available to active and reserve corps personnel through extension courses, which cover all aspects of military subjects as well as specialized courses in fiscal, disbursing, accounting and auditing, budget, and management subjects. The Extension Course Department is responsible for the preparation and distribution of finance technical training material for the various Organized Reserve Corps finance disbursing sections throughout the country.

The Army Finance School employs all the modern methods and techniques of good educational practices. The School's slogan is "Learn to do by Doing," and it endeavors to accomplish this end through providing the students with practical exercises and demonstrations identical with field operations.

BANK OF NEW SOUTH WALES



BANK OF NEW SOUTH WALES

BANK OF NEW SOUTH WALES BANK OF NEW SOUTH WALES

BANK OF NEW SOUTH WALES BANK OF NEW SOUTH WALES

KNOW HOW

Business men and bankers who have visited Australia and New Zealand will tell you that the best medium for facilitating trade between the U.S.A. and these countries is the Bank of New South Wales, largest commercial bank there.

We invite you to make our specialist services available to your customers.

BANK OF NEW SOUTH WALES

British & Foreign Department, Sydney, Australia.

BANK OF NEW SOUTH WALES BANK OF NEW SOUTH WALES

NA5004AB

Your Lawrence man offers you this Inventory Survey



Next time inventory figures in a loan application, call in your Lawrence man. He's as near as your telephone.

From his experience with inventories in many lines, he can determine for you if a given business lends itself to field warehousing.

Why not call on his experience?

LAWRENCE SYSTEM

Nationwide Field Warehousing

FACILITATES LOANS AGAINST INVENTORY

SAN FRANCISCO
37 DRUMM ST.

CHICAGO
100 N. LA SALLE ST.

NEW YORK
72 WALL ST.

Offices In All Principal Cities

World Business

(CONTINUED FROM PAGE 51)

public reaction: The DAR convention in Washington loudly applauded a resolution calling for the cutting off of all further aid to foreign countries in the interest of our national security. "Point Four? What for?" seems to describe their attitude.

HELPING OTHERS HELP THEMSELVES

ECA was created to help others help themselves. Recently, when ECA funds were deposited in Belgium to pay for supplies for Greece—thus promoting inter-European trade—a Belgian firm with a 25-year-old claim against the Greeks saw a chance to help itself and had the funds attached. The Belgian Government endorsed the step. After much negotiation with an angry ECA, and suspension of all ECA aid to Belgium, the Belgians agreed to see that within a reasonable time Greece will get those ECA dollars. . . . Ireland has agreed to suspension of direct ECA aid, other than technical help, as no longer needed. Since nearly 90 percent of the aid has been in the form of loans, Ireland has been piling up a debt to us. . . . Representative Robert B. Chipfield (Ill.) writes that through lend-lease and the ERP we have been arming Russia for 10 years. ERP countries are shipping strategic tools and goods around the corner to Russia at the rate of \$4,000,000 weekly.

And the U.S.A. itself is trading with that area, the Congressman complains.

EUROPE'S VIGOR

ECA has made giant efforts to increase Europe's industrial output. Whatever the results in that direction, the Continent and the UK are doing fine populationwise. In only three European countries this side of the curtain was the 1949 birth-rate below prewar. In most of the countries it was 10 percent or more above prewar; in France more than 40 percent greater. Only Luxembourg has failed to increase its total population since prewar. Italy has added 4,000,000 mouths to its prewar 43,000,000. The Metropolitan Life Insurance Company attributes the growth of Europe's population to improved economic conditions. So, if Point IV and other programs work the way we are told they will, we should expect much more growth of population in the underdeveloped lands. What part Europe's population trend plays in the Administration's desire to make ECA a permanent agency has not been explained. . . . Noteworthy is the announcement by India's Prime Minister Nehru that he favors birth control to help solve the food crisis. But Mrs. Margaret Sanger, birth-control advocate, was not allowed to visit occupied Japan.

IRAN'S OIL NATIONALIZATION

The nationalization-minded Socialist Government of Britain hadn't much chance to stop Iran's oil nationalization law issued in May. Both the U.S. and Britain have been

anxious lest the flow of Iranian oil, so valuable to the British Navy, be interrupted. Toward this goal the U. S. has given Iran Point IV aid and offered an Eximbank loan. But the political fervor of communist-supported elements made the seizure decree inevitable. Where that leaves the oil situation is not yet clear. The underground oil was always the property of Iran's Government. The Anglo-Iranian Oil Company, which had the concession for development, has the marketing organization which Iran's government lacks. By the 1933 concession's terms, expropriation or nationalization of the company was specifically ruled out. But the present government claims that the agreement of 1933 is not binding since the then dictator who negotiated the pact "did not represent the nation." Iran insists that the company will be compensated. But in the light of Iran's fiscal outlook and practical considerations the British take a dim view of that promise. . . . The Egyptian Government is trying to dampen the clamor there for nationalizing foreign assets; and this just when the U. S. Government is urging private capital to go abroad.

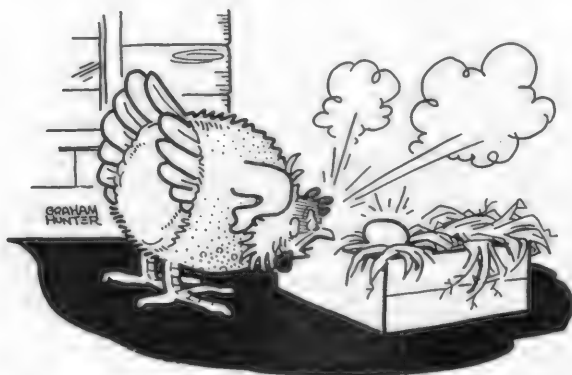
EXPROPRIATION INSURANCE

Expropriation of the Anglo-Iranian Oil Company lends interest to the announcement that the ECA is now ready to insure American investments in Marshall Plan countries against loss from expropriation or confiscation. This is the first time any government has thus offered protection to its nationals' foreign investments. A fee of 1 percent per annum will be charged. Insurance covers not only technical divestment of property but official action denying the American investor control over his own investment.

Both equity investments and loans will be coverable; also, in certain circumstances, patents, processes, etc.

Thomas H. McKittrick, senior vice-president of the Chase National Bank, was chairman of the committee of financial experts which helped ECA work out the policies for the guaranty program. Applications for insurance should be addressed to the Economic Cooperation Administration, Washington 25, D. C.

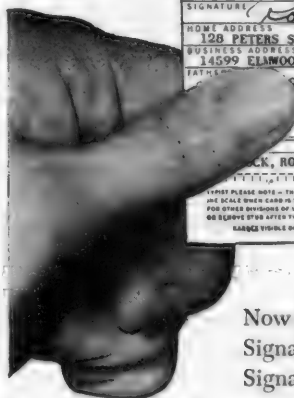
(CONTINUED ON PAGE 134)



"China egg, eh? More pump priming!"

NEW SAVINGS SIGNATURE CARDS

with APPROVED ABA CONTRACTS



ACCOUNT NO 3813	MR. MISS MISS	ROBERT HANCOCK
TO THE REMINGTON RAND BANK, New York, N. Y.		
INDIVID		
You are authorized to recognize the signature subscribed below in the payment of funds or the transaction of any business for this account. It is agreed that all transactions between the bank and the undersigned shall be governed by the contract printed on the reverse side of this card. The undersigned has read the rules and regulations of the Savings Department now in effect and agrees thereto and to all changes therein or additions thereto which shall have been posted in the main lobby of the bank for five consecutive business days.		
SIGNATURE <i>Robert Hancock</i>	OCCUPATION MACHINIST	
HOME ADDRESS 128 PETERS ST.	EMPLOYER'S NAME CARSON KIT CO.	
BUSINESS ADDRESS 14599 ELWOOD AVE.	MOTHER'S MAIDEN NAME ALMA PHILLIPS	
FATHER'S NAME ROBERT HANCOCK	DATE OF BIRTH 3-3-13	
CITY KEN PA.	OFFICER'S SIGNATURE <i>[Signature]</i>	AUTHORITY DATED 5/1/50
ROBERT HANCOCK		
<small>IMPORTANT NOTE - THIS SCALE CORRESPONDS TO PICA SCALE - SET PAPER GUIDES SO THAT CARD SCALE WILL REGISTER WITH RACINE SCALE WHEN CARD IS TURNED INTO WRITING POSITION. START INDEX 12 POINTS FROM LEFT EDGE OF CARD. USE OTHER POINTS OF SCALE FOR OTHER DIVISIONS OF TYPE. SET TYPEWRITER TO ACQUIRE PERFECT ALIGNMENT OF SCALE DIVISIONS OF INFORMATION. FOLD SCALE OR CLIP IT AFTER TYPING. USE NEW TYPEWRITER DIVISION.</small>		
<small>KARDEX SYSTEM DIVISION CAT. NO. 1-1883 REMINGTON RAND INC. PRINTED IN U.S.A.</small>		



Now you can have the new Kardex Savings Signature cards—or vertically filed Savings Signature cards—with a specific contract approved by the American Bankers Association. Like the Commercial Signature

cards used so successfully for many years, these Savings cards carry the ABA approved contract between the depositor and the bank. It permits you to operate according to accepted banking practices with the consent of the depositor.

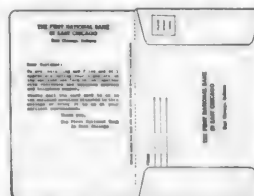
Filed visibly in Kardex cabinets, Savings Signature cards can be referred to instantly. They will save time and improve customer service. Color signals in the visible margin spotlight any special conditions for instant reference.

Review your signature cards to see if they are up-to-date. You should consider the latest approved ABA contract provisions to give your bank this additional protection.

The full story of Remington Rand's new Bank Signature cards, including both Savings and Commercial cards, is told in our *Free Booklet KD 490.1*.

Protect Your Signature Cards at Point-Of-Use

Here's the way to be sure your records are protected from loss by fire at their "point-of-use." Safe-Kardex Imperial is laboratory tested and certified to withstand temperatures up to 1700 degrees Fahrenheit for one full hour.



Rem-V-Lope Secures Signatures Faster

Statistics from banks using Rem-V-Lopes for securing depositors' signatures show 80% return on the initial mailing—and 80% of the remaining 20% on a second mailing. Why? Rem-V-Lope all but mails itself. Depositors just sign the pre-printed form, put it into the postage-paid envelope and drop it in the mail.



Remington Rand

Management Controls Reference Library Room 1171
315 Fourth Avenue, New York 10, New York

Please send me a copy of the new Bank Signature Card Folder, KD 490.1.

Name _____
Bank _____
Address _____
City _____ Zone _____ State _____

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Offering Circular.

NEW ISSUE

May 14, 1951

1,000,000 Shares

The National City Bank of New York

Capital Stock

Holders of the Bank's outstanding Capital Stock are being offered the right to subscribe at \$40 per share for the above shares at the rate of one share for each 6.2 shares of Capital Stock held of record on May 8, 1951. Subscription Warrants will expire at 3:00 P.M., Eastern Daylight Saving Time, on June 4, 1951.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and, both during and following the subscription period, may offer shares of Capital Stock as set forth in the Offering Circular.

Copies of the Offering Circular may be obtained from any of the several underwriters only in States in which such underwriters are qualified to act as dealers in securities and in which the Offering Circular may legally be distributed.

The First Boston Corporation

Morgan Stanley & Co. Kuhn, Loeb & Co. Blyth & Co., Inc. Harriman Ripley & Co.

Incorporated

Dominick & Dominick Goldman, Sachs & Co. Lazard Frères & Co. Lehman Brothers



"...the DOANE AGRICULTURAL DIGEST?
...Yes, it keeps me up to date on developments in

AGRICULTURE

with a few minutes reading each month... Yes, you can depend..."

AUTHORITATIVE and RELIABLE

Edited by the oldest and largest farm management, appraisal and agricultural research organization. Price forecasts backed by research and sound judgment.

PRACTICAL

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(CONTINUED FROM PAGE 132)

THE TOLL OF INFLATION

That the investor in fixed-interest securities is the first victim of inflation is a truism. An article in the *Financial Times* (London) suggests that the more the bondholder is hurt by inflation, the more may inflation be expected to grow. France is the article's "Exhibit A." The reward of a century's investment in French fixed-interest securities, including accumulated interest, was a virtual halving of the purchasing power of the total. If the interest is subtracted, the net result is close to zero. To all intents and purposes, the capital invested in *rentes* in 1856 has been wiped out. The article then quotes a French economist to the effect that for 35 years the Frenchman has been educated to a negative rate of interest and will no longer lend to the government or private companies. Hence, the government can borrow only from the banks. No wonder there is in France such a hoarding demand for gold, which produces no interest and entails safekeeping problems.

GOLD TALKS

The World Fund seeks a solution of the problem posed by member governments selling gold at premium prices through informal talks with those most concerned: South Africa, France, Mexico, Canada, Britain and the U.S.A. The *Financial Post* (Toronto) examined the attractions of the free gold market which have been dangled before Canadian gold miners, and found them illusory. The article declared that Canadian mines are better off under the subsidy than they would be if they tried to sell on the premium markets in competition with South Africa and others. . . . South Africa's Mines Minister forecasts a great increase in gold production over the next 30 years. . . . In Washington on May 10 mining and economist spokesmen debated the free-gold question under the auspices of the Economists National Committee on Monetary Policy. . . . The Swiss in a national referendum in April rejected a plan to substitute paper money for the gold-bullion standard. . . . Julius Baer & Company, Zurich, reviews the world gold outlook in a report, *The Forgotten Goldrush*.

(END)

BANKING

Defense is your job, too-how to help your country now



- ★ "The Defense Bonds I bought through Payroll Savings in '41 helped me to buy my new home!" says **G. F. Nelson**, manufacturing technologist at Shell Oil Company. Congratulating Mr. Nelson is Shell Vice President and former Air Force General "**Jimmy**" **Doolittle**, who adds, "At Shell we believe in Payroll Savings—it's a patriotic and practical way to do a job for defense!"



- ★ "The Savings Bonds I'm buying now for America's defense will add almost \$100 a month to my company pension when I retire," SP Engineer **Frank Bacher** tells his old friend, **A. T. Mercier**, President of the Southern Pacific Railroad. "They're an extra step toward independence in which the railroad helped me by encouraging me to join the Payroll Savings Plan."



- ★ **Mrs. Eleanor Minkwie**, drill press operator of Burroughs Adding Machine Company, introduces her Army veteran son **Vernon**, to her boss, Burroughs President **John S. Coleman**. "In 1942 I began buying Bonds through Payroll Savings at Burroughs," says Mrs. Minkwie. "Today they're helping Vernon's G.I. allowance to see him through college!"

TEAM UP WITH THESE TYPICAL AMERICANS IN THE PAYROLL SAVINGS PLAN!



- ★ **Pasquale Santella**, millwright at United States Steel Company's Carrie Furnaces of the Homestead District Works, has a very personal reason for buying Savings Bonds. As he told **C. F. Hood**, United States Steel Company executive vice president, "My son Tony, 19, is missing in Korea. Used to be I bought bonds because it was my duty and it was a good way to save money. Now I want to help lick the Reds and get Tony back. I buy one bond every payday and when Uncle Sam needs more money, I'll buy more bonds." He has bought bonds regularly since 1943; has never cashed one.

* U.S. Savings Bonds are Defense Bonds *Buy Them Regularly!*

TODAY join with these Americans—business leaders and employees—in their drive to make our country and our citizens more secure. If you're an employee, go to your company's pay office *now* and start buying U. S. Defense Bonds through the Payroll Savings Plan—the safe, sure way to save for America's defense and for personal dreams-come-true.

If you're an employer, and have not yet installed the easily handled Plan, you will soon be contacted by one of industry's leading executives. Sign up with him—and help him put the Plan in every company! It's a practical, hard-sense way to help preserve our nation's future, its fortune, and the very institutions that make our lives worth while!



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As the country's defense program moves along, a growing number of banks are finding it advantageous to maintain a direct correspondent relationship in the Detroit area where so much of our defense production is centered.

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Information is wanted of any checking accounts, savings accounts or safety deposit boxes in the name of James Robert Adams, who recently died in Los Angeles, California. Will you please send any information which you may receive concerning James Robert Adams to the State National Bank of Lincoln, Lincoln, Illinois.



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New Books

Defense Without Inflation

By *Albert G. Hart*. Twentieth Century Fund, New York. 186 pp. \$2. Professor Hart of Columbia University's economics faculty, and the Fund's Committee on Economic Stabilization, finds that adequate defense and higher living standards are possible if Americans will accept personal sacrifices and reduced consumption. Immediate needs include pay-as-you-go taxation and limitation of bank credit (accepting some rise in the interest rate on Government debt, if necessary).

Russia's Soviet Economy

By *Harry Schwartz*. Prentice-Hall, New York. 568 pp. \$6.65. This book on the operation of Russia's economic system, including the political factors that are essential parts of it, is presented as "a synthesis of available knowledge regarding all major sectors of the Soviet's economy, particularly as regards their organization and operation." The author obtained his information in a long search through Russian writing on economic topics. He believes Soviet statistics are "basically accurate" for the most part, although all must be scrutinized carefully in the interests of precise definition and comparability. Professor Schwartz, now in the economics department of the Maxwell School of Citizenship, Syracuse University, has been a specialist on Soviet economics with the Division of USSR Intelligence, Office of Strategic Services, and also with the State Department.

Inflation in the United States: 1940-1948

By *Lester V. Chandler*. Harper, New York. 400 pp. \$6. The Gordon S. Rentschler professor of economics at Princeton studies an important economic cycle, emphasizing fiscal and monetary policies of the period. Tracing the course of the inflation, he analyzes its causes. "This," he observes, "was indeed the best-measured inflation that we have ever had. For no other inflationary period have we had access to so many statistical series." The fiscal-monetary policies followed, he says, "appear to have been the dynamic inflationary factor during the defense and war periods."

BANKING

Former Banker Drafts Baseball Schedules

BASEBALL'S unsung anonymous hero for more than 30 years has been quiet, patient Clement J. Schwener, former banker and practical Einstein who figures out how the 16 clubs in the two major leagues can play 1,232 games each season.

Nowadays he rarely attends a game. Few in the bleachers would recognize his name. Even to the players he is an unknown. Yet when America settles down in mid-April to enjoy big league baseball, every player and every spectator is where he is because of Clem Schwener (pronounced Shweener), official drafter of schedules for the National and American Leagues.

How to arrange satisfactorily each major league's 1,232 games was a tremendous problem nobody could solve to everybody's pleasure until the former Boston bank man stepped into the picture. Now he juggles and balances the 16 ball clubs and thousands of miles of travel on the tip of his pencil.

Drafting a schedule requires a man who is somewhat of a mathematician, prophet, geographer and diplomat. But Schwener insists it is not just mathematics.

"I've never studied mathematics," he says, "and know practically nothing about the subject."

But Schwener does possess Yankee stick-to-it-iveness, a love for baseball and a practical consideration of what makes it tick. The mild-mannered man who retired a few years ago as manager of the safe deposit vaults of the United States Trust Company in Boston, always has been a stickler for what he calls "exactness."

It was this striving for perfection that led him to his hobby of making up baseball schedules more than 35 years ago. In those days he was a little more rabid than the average baseball fan, for he used to spend most of his vacation at the ball park.

Schwener soon grew tired of seeing the same faces and wondered why baseball teams, like shows, weren't changed more often. He did not like the six, seven and eight game repeat series, the long hops



Clement J. Schwener

between cities and the occasional early finishes for some visiting clubs.

So he figured out a new schedule for both the National and American Leagues. He sent his plan to Governor John K. Tener, then president of the National League.

It clicked; Schwener got a check for his efforts. That was in 1914. Twelve years later the American League assigned Schwener to draft its schedule. He has since enjoyed a monopoly in his field.

The Boston wizard drafts the two-league, 16-club schedules simultaneously. It must be done that way to avoid conflicting dates in the five cities—Boston, New York, St. Louis, Chicago and Philadelphia—with two clubs.

"It takes me about two months to make up the first draft of the schedules," Clem Schwener explains. "I list games for every day in the week—leaving an occasional open date only for travel when a club begins a road trip."

If you wonder why the same schedule cannot be used year after year, Schwener explains that there are the obvious calendar changes; and the prime dates, such as season openers, must be rotated.

Schwener, a native of Cincinnati, went to Boston in 1906 and soon after got a job with the United States Trust Company. He retired after 40 years of service. Few of his bank associates knew about his contribution to baseball until a Boston sportswriter got the story.

MARTIN SHERIDAN

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—195th—

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A dividend of one dollar (\$1.00) per share on the Capital Stock of the Company has been declared this day, payable on June 9, 1951, to stockholders of record at the close of business on May 4, 1951. The stock transfer books will remain open.

ROBERT FISHER

April 24, 1951

Treasurer

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Cartridge Type Coin Wrappers
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MORE THAN \$269 MILLION PESOS

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1948: US. \$ 197,000,000

1949: US. \$ 175,875,095

1950: US. \$ 228,181,724

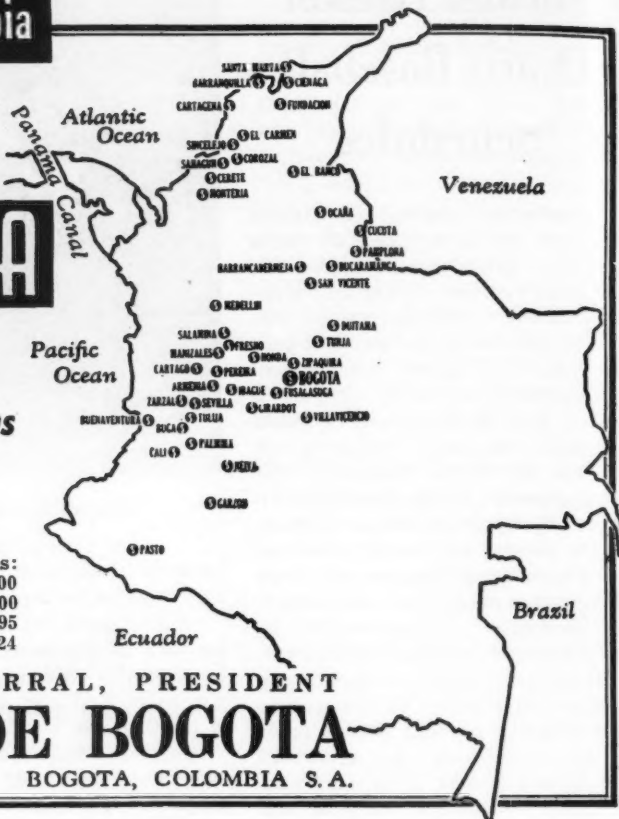


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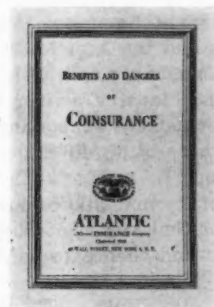
Business Aids

Home Planners' Libraries • New Products • Operations • Industrial

EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



HOW TO INCREASE PROFITABLE SALES. A 26-page illustrated booklet designed to show several proved methods for accumulating and visualizing data needed to promote profitable sales. Describes sales control by branches, by salesmen and by accounts. Gives examples for setting up cards to have complete and easily accessible records for all sales and prospects and illustrates the use of punch cards in the sales control system. Write to Machine Control Division, Remington Rand, Inc., 315 4th Avenue, New York 10, New York.

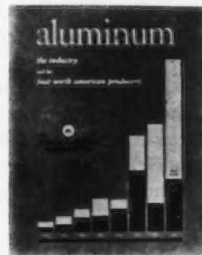


BENEFITS AND DANGER OF COINSURANCE. A 10-page booklet containing a brief discussion of "the coinsurance" clause in fire insurance policies. Outlines, with examples, the problem of "actual cash value," reviews the responsibilities and liabilities of the property owner who may become a coinsurer without knowing it. Stresses the importance to the policyholder of being familiar with coinsurance to avoid possible serious losses in the event of a fire. Write to Atlantic Mutual Insurance Company, 49 Wall Street, New York 5, New York.



ADD-A-ROOM PATTERN NO. 760. A "Build It Yourself" kit containing detailed plans and instructions together with lists of materials needed for building a 12 x 16 ft. wing on a house. A property owner economically gains additional space as well as a great sense of satisfaction in doing the job himself by following step by step directions, assembly illustrations, and full size patterns for making angle cuts on rafters, gable studs, etc. Available at the cost

of \$1 from Easi-Bild Pattern Company, Pleasantville, New York.



ALUMINUM The Industry and the Four North American Producers. A 79-page illustrated booklet describing the aluminum industry and its progress, and products, markets and outlook. Reviews the development of 4 North American producers with charts of their output, sales, income and stock dividends. Contains sections devoted to statistical data on world aluminum production and consumption, shipments of aluminum and average domestic prices. Write to The First Boston Corporation, 100 Broadway, New York, New York.



PLANNING TO PAINT? A 10-page booklet discussing the protection and added life given a home by a protective coat of paint. Reviews types of paints; illustrates various danger spots where paint deterioration will first begin to show. Contains suggestions on surface preparation and the various tools a painter will need, and suggestions for their care. Write to National Paint, Varnish & Lacquer Association, Inc., 1500 Rhode Island Avenue, N.W., Washington 5, D. C.



A PLANNING GUIDE FOR COMMERCIAL AIR CONDITIONING. A 20-page illustrated booklet describing air conditioning as an essential tool of modern business and the five vital functions such a system should perform—temperature and humidity control, cleaning and circulating air, and adequate ventilation. The booklet reviews the profitable results to be expected and lists features to be considered in planning, the size of area to be air conditioned, amount of window space, type of business, etc. Contains illustrations of different types of equipment with various installations pictured. Write to Westinghouse Electric Corporation, Sturtevant Division, 200 Readville Street, Hyde Park, Boston 36, Massachusetts.

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. On Point I, the Great Debate is no debate at all. There is no argument whatever about continuing the defense program with all the vigor we can summon, so that America can speak once more from strength and not from weakness, and soon. Also on many other points involving strategy and policy, the debaters find themselves embarrassingly close together, waltzing to the same tune.

The fact that MacArthur called the tune was the chief cause of the MacArthur earthquake. So many people enjoyed hearing someone speak United States. For two decades many millions of Americans have been wanting a Churchill of their own, who was on their side definitely and no queer business.

How Soon?

The outlook for commerce and industry, to an increasing degree, depends on how we appraise the war outlook. Is full scale war several years off, imminent, or will it blow over?

The first is by all odds the guess most likely to prevail. Our whole economic and political future is bound up with the proposition that we can arm in a leisurely way, with China and Iran as far away as the moon.

But there are great hazards to business in being geared to a hot, cold, leisurely, hectic, limited, full scale, week-end all-out war. For several years, and particularly since June 1950, opinion has swung violently from one extreme to another, from a belief that the danger was close, to a feeling of security. This could cause a tailspin if it continues.

The way price and wage controls have been administered does not indicate that officials really mean to use them effectively against inflation. The wage-price dike leaks like a sieve. Wages can be raised under certain circumstances, prices can absorb higher wages, the latter can absorb higher living costs, round and round.

The country as a whole is ready to accept any amount of restrictions, on the other fellow.

Controlled Materials

The Controlled Materials Plan, governing the use of steel, copper and aluminum, seems secure for the time being, but even this would be jeopardized by a prolonged stalemate in the war against communism.

The plan which goes into effect July 1 will largely replace the Defense Order priority system. It is modeled after the plan of the same name which operated during the latter part of World War II, but there is a vital difference between the two. During World War II the plan was complete and total because the manufacture of civilian durable goods was suspended. Today a percentage of the available supplies of the scarce metals will be allotted to civilian needs.

The way this works out is that a large and vital area of our civilian economy will come under the day-to-day personal management of those administering the plan.

In case of sudden peril or emergency, of course, we have the necessary machinery for shifting everything to defense but if we are actually embarked on a five or ten-year program of arming ourselves, then the CMP provides the machinery for a fundamental change in our free enterprise system.

Basically the plan is set up to divide the available supplies of steel, copper and aluminum between defense and civilian use on whatever percentage basis is considered feasible or necessary at any one time. Defense users get what amounts to cashier's checks on specific amounts while the suppliers for civilian use fight it out for the rest.

Obviously a vast amount of public education is going to be necessary because the plan will directly affect well over a hundred thousand companies. The National Production Authority is sponsoring a nationwide program of meetings and public discussions for this purpose and is issuing much printed material including rule books and a new accounting manual. These will explain procurement procedure on 4,000 classifications of products and the necessary bookkeeping.

The key group in the plan is the CMP Requirements Committee, operating under the Defense Production Administration. This committee receives requirement estimates from two groups of Claimant Agencies. One of these includes the armed forces and the Atomic Energy Commission and their requirements are called "A" products. The other group are the industry divisions of the NPA; their requirements for defense supporting goods are called "B" products. There is no difference in essential rating between "A" and "B" products. The "A's" are of a direct military nature and allocations are on a vertical basis, which means that allotments are passed along to prime contractors and thence to sub-contractors.

In the case of "B" products, the allotments are handled on a horizontal basis, which means that a producer of "B" products receives his metals allotment directly from the particular industry division having jurisdiction over that product. Producers of "B" products are chiefly those making pieces or finished goods for both defense and civilian purposes.

The first deadline for filing applications for materials is May 31 and quarterly thereafter.

At the same time the Requirements Committee is assembling from the steel, aluminum and copper mills, information on available supplies.

The \$64-question for business is whether a plan like CMP can work on a partial or open-end basis wherein producers for civilian use must scramble for a limited amount of critical metals. The chances are that the mobilization authorities will finally be compelled to step in and participate in decisions concerning the production of purely civilian goods, and that is the danger to the free enterprise system inherent in the CMP operating on an open-end basis.

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